Daily Report

Latin America

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FBIS-LAT-95-092 *12 May 1995*

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Sources Report U.S. Support for Caricom OAS Candidate

FL1105232895 Bridgetown CANA in English 1629 GMT 11 May 95

[FBIS Transcribed Text] Bridgetown, Barbados, May 11, CANA — The United States has indicated to Caricom officials it will be supporting the Caribbean's candidate for re-election to the post of assistant secretary general of the Organisation of American States (OAS), authoritative sources told CANA Thursday [11 May]. The current assistant secretary general, Trinidad and Tobago's Christopher Thomas, is the Caricom candidate for re-election. But Central America has also put forward a candidate in the person of El Salvador's Foreign Minister, Oscar Santamaria.

Official sources at two foreign ministries within the Caricom region, Thursday, independently confirmed information obtained by CANA that the U.S. has indicated its support for Thomas, and will make a public announcement on this matter within days. One foreign ministry official speculated that Santamaria may withdraw from the race soon, since he has failed to muster enough support to launch a meaningful challenge. The official said that some Central American countries might not have favoured Santamaria's challenge in the first place, since it was announced very late in the process, and after some of these countries had already publicly announced their support of Thomas.

Thomas was first elected as assistant secretary general in November, 1989 and is up for re-eletion for another five-year term. The election will take place during next month's OAS General Assembly in Haiti.

Four Nations Sign Agreement on Atlantic-Pacific Corridor

PY1105003195 Santiago EL MERCURIO in Spanish 29 Apr 95 p C7

[FBIS Translated Text] Brazil, Chile, Uruguay, and Paraguay have signed the "Arica Act" by which they establish a working team charged with bringing together points of view in order to contribute to the full operation of commercial corridors between the Atlantic and Pacific Oceans, which is regarded to be of vital importance for the development of vast South American zones.

This is the main agreement reached during the meeting held in Arica among the delegations headed by Roberto Acevedo, assistant director for railroad transportation at the Brazilian Transportation Ministry; Jose Maria Fernandez, Paraguayan Foreign Ministry director general; Uruguayan Ambassador Juan Odone; and Fernando Silva, Chilean Foreign Ministry borders director.

The delegations decided to officially establish a multisector open working team comprised of representatives from the countries that participated in the meeting. The team will be charged with designing compatible regulations for traffic along the corridors.

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Cuba

Article on Migration Agreement, Helms Bill

PA1105132095 Havana PRENSA LATINA in Spanish 0640 GMT 10 May 95

["Exclusive" article by PRENSA LATINA's Moises Saab: "Mixed Signals in Havana-Washington Relations"]

[FBIS Translated Text] Havana — The agreement between Havana and Washington to resolve the rafter problem, despite the omnipresent acrimony in ties between the huge northern country and the diminutive Caribbean archipelago, shows signs of having been reached in brief, high-level negotiations, that were especially discreet in order to prevent interference from possible oppositionists, including U.S. diplomats.

Despite the omnipresent acrimony in the stormy ties between the huge northern country and the diminutive Caribbean archipelago, the signs indicate that the agreement, a concise and detailed document, was reached in brief, effective, high-level negotiations, that were especially discreet in order to prevent interference from possible oppositionists, including U.S. diplomats. [paragraph as received]

And sure enough, most surprised were the U.S. delegates to the laborious talks on the migration talks. Dennis Hays, head of the Cuba office in the State Department, and his immediate subordinate took things to heart and requested transfers, just after the pact was announced simultaneously by Ricardo Alarcon, president of the Cuban parliament and a cunning negotiator with diplomatic experience, and secretary of justice Janet Reno [as published].

Within informed circles in this capital it is a known fact that Hays identifies with the Cuban-American National Foundation (FNCA), of which he is a promoter. The FNCA is led with a iron hand by Jorge Mas Canosa, a multimillionaire of Cuban origin, and is unequivocally intent on overthrowing the government of President Fidel Castro.

Similar but stronger disagreement was expressed by the FNCA, who was told about the agreement just two hours before it was announced. The FNCA described it as "a betrayal by the government (of President William Clinton) of Cubans (who live in the United States)."

The FNCA is angry because until now Washington had listened to its ideas. What's more, in drafting policies on Cuba, Washington had accepted its ideas at face value, including the decision to intern on its Guantanamo naval base some 30,000 undocumented emigrants who last summer tried to reach Florida by raft. The internment has proven a great and costly mistake.

The high level of the respective delegates can be explained by the agreement's provision whereby the United States avoids a savage wave of emigrants and makes its migration policies toward Cuba coherent, which had become distorted over the past three decades for ideological reasons.

The text also resolves the concerns of sectors of U.S. society who worry about migration — a paradox in a country like the United States, built by foreign hands — which is a net gain for strategists in charge of Clinton's reelection.

Similarly, Cubans have reason for self-congratulation: For the same reasons and others of a political nature, the agreement opens an expeditious channel of communications and practical acknowledgment of government authority by its main adversary, a point on which there had been reluctance up to now. Acknowledging government authority is an essential component of possible future contacts.

Nevertheless, relations between Washington and Havana are far from being a bed of roses, because even as the pact was being announced, secretary Reno [as published] confirmed the unchanged policy of the United States toward the Cuban Government, which is 99 percent hatred and 1 percent nostalgia, to quote a Cuban intellectual.

Another landmark of this persistent hostility is a draft bill, sponsored by Jesse Helms, the influential Republican senator from North Carolina, which is designed to halt the economic opening process launched by Cuba last year, prevent access to new credit, and ensure UN approval of an international blockade of Cuba.

The proposal includes compensation for property that was nationalized and confiscated from U.S. citizens, including Cubans living in the union's territory. This would raise the initial account for compensation from $1.8 billion to some $100 billion, in other words a personal debt of nearly $10,000 for each and every Cuban.

Despite the fact that Helms failed to get the bill passed as an amendment to the military budget at the beginning of the year, it is probable that it will be debated sometime this month. In light of the fact that the Republicans control Congress, it will be approved, according to forecasts by authorized media in the Cuban capital.

Cuban reaction to the draft could not have been stronger. While official circles describe it as a declaration of war, Alarcon himself inaugurated a series of public hearings at which legal experts, economists, and diplomats are tearing it apart, in a process calculated to galvanize

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public opinion and prepare it for the cataclysm that its approval will mean.

Of course, the Helms initiative is irritating to the Cuban Government, which nevertheless trusts that civilian society will unite in the face of the bill's text, some of which in practice is unenforceable due to its extraterritorial character.

Without giving in to optimism, official circles await some positive feedback, because as one who attended one of these sessions said: "Just thinking that one day I will wake up to a $100 billion debt for nationalized properties, like this guy Helms wants, I already dislike him."

Commentary Reviews History of Cuban Migration to U.S.

FL1205001495 Havana Radio Rebelde Network in Spanish 1700 GMT 11 May 95

[Commentary by Susana Tesoro]

[FBIS Translated Text] Mass migrations have existed throughout mankind's history. Such manifestations continue, ever more frequent, in our time. According to a study by the UN Population Fund, more than 125 million people are currently living outside their own countries in search of refuge or better living conditions. Last year's data indicate that demographic pressures in developed countries increased the causes for international migrations.

Cuban emigration to the United States is not a phenomenon of this century. Since 1 January 1959, however, mass, systematic migration from Cuba toward North America has existed. The first migratory wave began on the very dawn of 1 January 1959. On that occasion, it was the relatives and friends of the overthrown dictator Fulgencio Batista who, halfway through the journey between Havana and Miami, ordered the pilot to turn toward the Dominican Republic, abandoning his followers.

Cubans then and now are not satisfied with the good fortune they say they have found in the northern paradise. Their objective is to eliminate the Cuban Government and the Cubans, recover their properties, and return to Cuba. Therein lies the key to many things. Behind the accumulated hatred and the riches lost by some is something even stronger: nostalgia. Nostalgia is a curse that strikes, according to the tales, after having had your share of McDonalds and Cokes, after seeing Disney World, and after having taken pictures in the gardens of the White House.

A Buddhist principles states: The origin of all evil is the duality of wanting to be what you are not. If the privileges of the Cuban Adjustment Act were to end, those immigrants would be just so many foreigners on foreign soil; who with each step stumbles with incomprehension and rejection of the society in which they live; who would suffer racial and national prejudices; who would not be able to support the nostalgia that makes them feel like fish out of water, where "the American Way of Life" prevents them from being who they really are.

This is not exclusive to the United States because it happens everyday in the countries of the so-called First World, because they believe they could be contaminated by all those thousands of men and women who, among other things, have contributed with their own sweat to the development of those powerful nations.

German Foreign Minister's U.S. Blockade Remarks Noted

FL1105190995 Havana Radio Rebelde Network in Spanish 1700 GMT 11 May 95

[From the "National Radio News"]

[FBIS Translated Text] German Foreign Affairs Minister Klaus Kinkel criticized the U.S. blockade of Cuba for being unproductive and going against the regulations of international trade.

During an interview with an economic newspaper, Kinkel stated that the European Union is against any measure that bars free trade. In view of the U.S. Congress's attempt to strengthen their policies against Cuba by threatening countries, companies, and people who trade with Cuba, Kinkel stated that the strengthening of the blockade would be detrimental to German companies who invest in and trade with Cuba.

Cuban Intellectuals Condemn Helms-Burton Bill

PA1105185595 Havana PRENSA LATINA in Spanish 0931 GMT 10 May 95

[FBIS Translated Text] Havana, 10 May (PL) — Today, in a message to "all who fight for freedom and justice" Cuban intellectuals warn that the anti-Cuban Helms-Burton Bill sets an extremely dangerous precedent.

The appeal published in GRANMA exposes the objectives of the bill promoted by Senator Jesse Helms and Representative Dan Burton, with the purpose of increasing the blockade against Cuba.

The intellectuals describe the bill as an overall plan for Cuba's re-colonization, that subordinates traditional arguments about "free elections," "human rights" and "plurality of parties."

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On the other hand, they add, it focuses on claims for returning nationalized properties to their former owners, in trying to internationalize the blockade, and increasing retaliation and pressure against countries that trade with Cuba.

After mentioning this year's worldwide commemoration of the 50th anniversary of the victory against fascism, Cuban intellectuals point out that never before have the real objectives of U.S. powerful reactionary circles and Miami annexionist allies been so exposed.

"Our objective is to create awareness among all free-thinking men and women, who cherish equality and democracy, who oppose the obvious growth of racism and xenophobia, who reject the practice of hegemony and discrimination in all its forms, and who perceive the reinforcement of fascist tendencies in the most powerful nation on Earth".

The message, signed by Casa de las Americas, the National Union of Cuban Writers and Artists, and by the Councils of Stage and Plastic Arts, among other institutions, reaffirms that Cuba's battle is today, more than ever, the battle of all those who refuse to accept the law of the strong over the weak.

Jurists Term Helms-Burton Bill 'Monstrosity'

PA1105195595 Havana PRENSA LATINA in Spanish 2131 GMT 10 May 95

[FBIS Translated Text] Havana, 10 May (PL) — Cuban jurists commented today in Havana on the Helms-Burton bill, which they described as a legal absurdity and a violation of the people's right to self-determination.

In analyzing the bill Republican Senator Jesse Helms and Representative Dan Burton plan to submit for approval in the U.S. Congress to tighten the economic blockade on Cuba, lawyers and experts in Cuba condemned what they termed as a "monstrosity and a macabre concoction."

The Cuban Jurists Union [Union de Juristas de Cuba] hosted the event with the participation of legal experts Miguel D'Stefano, Olga Miranda, and Jose Peraza who answered questions from an audience composed of diplomats, legal experts, representatives of Cuban and foreign government entities and social groups.

In discussing the economic blockade imposed for over 30 years on this nation, D'Stefano stated that the law cannot be violated and that, with regard to the Helms-Burton bill, "we are facing a flagrant violation of the law, an ethical and legal monstrocity."

Besides, it is disrespectful of international trade, the Cuban people, and even the people of the United States, he added while explaining that the bill seeks to internationalize the blockade and pressure other countries that trade with Cuba.

Miranda, vice president of the Cuban Society of International Law [Sociedad Cubana de Derecho Internacional], devoted her analysis to demonstrate the legality of the nationalizations Cuba implemented on the properties of U.S. citizens, whose claims (a total of 8,816 until 1972) are included in the bill by Helms, who also wishes to add Cubans hurt by the measure who now hold that citizenship.

After mentioning several international instruments that support the expropriations Cuba implemented starting on 1959, she recalled that nationals from other countries received or are receiving compensation (in the case of Spain), but it has been impossible to do this with U.S. citizens in view of Washington's hostility, as it [words indistinct].

A U.S. Supreme Court ruling on March 1964 upheld Cuban nationalizations as legitimate, based on the Sovereign Powers Act of early last century, Miranda added, stressing that if this process had been made viable all U.S. plaintiffs would have been compensated in 1990.

The Helms-Burton bill is as a whole incompatible with the people's right to self-determination and disregards U.S. resolutions on the matter, Jose Peraza of the Cuban Constitutional Law Society, stated.

Panel Discusses Helms-Burton Bill

FL1105213195 Havana Radio Rebelde Network in Spanish 1600 GMT 10 May 95

["Straight Talk" program with host Osvaldo Rodriguez and Fernando Davalos from Radio Taino — live or recorded]

[FBIS Translated Text] [Rodriguez] Good afternoon, friends. Against whom is the Helms-Burton Bill directed? Davalos, I think it is of course directed against Cuba.

[Davalos] Without a doubt, but it is also directed against others. This is not really my exclusive theory; I agree with our U.S. experts that the Helms-Burton Bill, although obviously directed specifically at Cuba, and driven by anger and hate, should be considered in its broader context. It is actually a package of things opposing the current democratic administration, against not the liberal, but the moderate trends in U.S. politics. That is, it is not specifically and exclusively directed

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against Cuba, but is the revenge of the conservative fascist coalition against... [pauses] It is their protest against all the phenomena that have occurred over the past few decades. They feel they have been excluded, and now see an opportunity for limiting the authority of the President of the United States.

[Rodriguez] Yes, I understand what you are saying. Politicians always try to form coalitions to serve their needs. However, the major thrust of the Helms-Burton Bill is unquestionably directed against the Cuban people. As Renato Recio recently said on the program, it is a desperate shot. They can see they have not succeeded, not even with the Torricelli Law, in forcing the Cuban people to yield, so they are going to try to force them to yield with this new escalation of the blockade.

[Davalos] There is no doubt about it; there is no other way to look at it: The Helms-Burton Bill is directed against us, and we must prepare ourselves for it, be ready, and understand the vindictive, revanchist nature of the bill very well.

[Rodriguez] Yes, because it is possible that parts of the bill will be approved.

[Davalos] This is what will most likely happen. It has not been widely discussed, but it seems to be going that way. Partial approval of the bill would be sufficient for upsetting Cuba. However, in analyzing the situation, it is interesting to see who is creating this surge in the Extreme Right Wing, and how it also targets the authority of the U.S. President.

[Rodriguez] Before you begin that analysis, I would like to ask: Do you think the normalization of migration relations between Cuba and the United States is a blow to, a vote against, the Helms-Burton Bill?

[Davalos] I am sure it is because a week ago Helms spoke out against the migration talks, and if Helms speaks ... [pauses] Tell me who you attack, and I'll tell you who you are. Helms criticized the talks, which had been very proper, very reasonable, they have not been slanted in anyone's favor, in reality both nations have benefited. If Helms attacks them, it is for a reason. They are feeling the pressure.

[Rodriguez] Davalos, you were going to discuss the individuals promoting this bill.

[Davalos] To grasp this well, one must understand the political situation in the United States. After the Oklahoma City bombing, information surfaced on all this fascist garbage, and it was confirmed that today there are 300 neofascist organizations in the United States 300 organizations that are ideologically supported by people like Helms and Burton. Even more interesting is the fact that they are active in 47 of the 50 states.

[Rodriguez] In addition, they carry out military training exercises...

[Davalos, interrupting] Those same organizations are carrying out military training exercises, they are authorized by the law because they present themselves as patriots, anticommunists, and the law protects them.

[Rodriguez] We have also seen this directed against Cuba many times. In Miami, anti-Cuban groups, which are nothing more than Extreme Right Wing groups, hold military training exercises every weekend in the swamps of south Florida.

[Davalos] They parade around a little in boats, say they are going to attack here, and a million other things — they live it! But these little pantomime groups do not worry me. What worries me more are the 300 groups that are ideologically supported by people like Helms and Burton. In addition, it is believed that half of the U.S. congressmen receive contributions to their election campaigns from these organizations. In the first place, the U.S. Congress is dominated by Republicans, and it is estimated that half of them receive campaign donations from these types of organizations. We have plenty of reason to bear this in mind because the U.S. Congress will be inclined to approve the Helms-Burton Bill due to its composition, or pressure from home districts, regardless of how valid the arguments are that the administration or anyone else offers. They are affiliated with fascist, counterrevolutionary, antidemocratic groups; and these bribes, this money they receive in campaign donations, prove it.

[Rodriguez] These groups, along with what we might call a more moderate Right, could constitute a second government in the United States, a very dangerous thing.

[Davalos] Well, all this could happen. Observers believe that there is the fascist Extreme Right Wing, and there is a more moderate position, that of Clinton, which dabbles in the Right without becoming too involved. Clinton's administration could be called a moderate government, which listens and respects, but goes no further. He has to deal with an antagonistic Congress, so anything could happen. I agree with what Renato said the other day when he described the Helms-Burton Bill as an act of desperation. Since long before the decline of the socialist bloc, they have said that Cuba would succumb to the domino theory and fall. They were sure Cuba would fall, but it did not. So, what happened? What'sthe problem? This is the only recourse remaining

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to them. They are desperate, and the outcome is the Helms-Burton Bill. If what they say about us is true, that our economy is in bad shape, why then intensify and recrudesce the blockade? This refutes those pessimistic predictions about Cuba.

[Rodriguez] There are areas of convergence between Helms and Burton and the Extreme Right Wing Cuban groups. Right now they are unquestionably ideologically united. What I would like to know is if you are aware of any areas of convergence that previously existed between the Cuban Far Right Wing and the U.S. Far Right Wing.

[Davalos] There is a very interesting and little publicized report that states that the Helms campaign is supported by funds from the U.S. tobacco oligarchy, in which there is Cuban investment. Tobacco firms from Virgina and all ... [pauses] There are tobacco interests that have helped support men like Helms. Just a few days ago, I saw Helms on Cuban television meeting with those groups in Miami; he is very popular among those groups, and has the support of that Far Right Wing. Helms' support does not come without a price tag. Cuban [emigres] play a role in the interests of that consortium, the U.S. tobacco lobby. A curious thing is that the Helms-Burton bill is the result of desperation because things in Cuba are not going as they had predicted. We have not collapsed; Cuba halted its decline last year, and they are the first to acknowledge this.

[Rodriguez] Davalos, in the last few minutes of the program, can you give us your appraisal of the bill and, if the bill is approved, do you think it will have harsher effects on the Cuban economy?

[Davalos] Yes, the law is directed against us and could hurt us. But in our case, we are used to resisting, unlike those across the straits. We still have many recourses that we can use to circumvent that law, to neutralize it. It will hurt us, but the blockade as it is already hurts us.

[Rodriguez] Yes, but as an expert on Cuban affairs, what harmful effects will it have on the Cuban economy?

[Davalos] The bill specifically targets foreign investment in Cuba, recently valued at $1.5 billion, new money needed to fuel development, and the only source to which we have access. The bill could harm us in this way because it closes the U.S. market to those who invest in Cuba.

[Rodriguez] Even if the bill is not approved, will foreign investment not be affected by fear of reprisal?

[Davalos] The fear of reprisal does not result from this bill, but has always been present. Nonetheless, in spite of all threats, investment continues. During the first quarter of 1995, approximately 33 joint ventures have been established.

[Rodriguez] But some companies have also left Cuba for fear of reprisal.

[Davalos] Yes, some have left; there is a certain mortality rate. However, despite all the fear they have instilled in foreign investors, foreign investment continues, joint ventures continue to be formed. I already noted that the figure is approaching 200. At this moment, an influential group of European investors is in Cuba, and other investors have announced their plans to come. They say that the obvious advantages of investing in Cuba outweigh the risks. Cuba is a very important market, and a very competitive destination for foreign investment. Now, with the new situation, we will have to see what unfolds. But we are prepared for it, just as we have been ready for war. During the October crisis here, everyone headed for the trenches, and in Miami, there was an exodus to the north because no one ever thought there could be a war in their region. Enough of that comparison. We are prepared to resist; we have been forged in the struggle and this, therefore, is nothing new, nor will it shame us to have to seek new methods to neutralize and avoid it. I am very optimistic. I don't think it will be a cakewalk, but I am not depressed about it either because we have the strong arm of a pitcher who is prepared for this type of thing.

[Rodriguez] In any case, I think we should support your optimism with some hard facts: Specifically, I think Cuba has other avenues.

[Davalos] Yes, there are other avenues, a law is being written that will confirm Cuba's competitiveness within the region. It will be a very modern law and will facilitate and lift limits on foreign investment. There are many advantages.

[Rodriguez] There are also the domestic measures taken to improve our economy.

[Davalos] Naturally. These measures constitute the reconstruction of our domestic market, which is very appealing to foreign investment. Regarding the phenomenon that the Helms-Burton Bill is an act of desperation as Renato described it, the Pentagon has just issued a report on the Cuban economy, and that is very enlightening.

[Rodriguez] Thank you very much, Davalos.

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Commentary Views 'Controversy' at NPT Meeting

FL1105202395 Havana Radio Rebelde Network in Spanish 1155 GMT 11 May 95

["Our Opinion" commentary by Carlos Iglesias; from the "Doing Radio" program]

[FBIS Translated Text] The exclusive nuclear club, made up of the United States, Russia, France, Great Britain, and China could prevail in the meeting which is discussing the future of the Nuclear Nonproliferation Treaty [NPT]. However, no matter what the result may be when the meeting — with the participation of 178 members of the United Nations in New York — concludes tomorrow, the winner will not be able to say: The winner takes all, as Abba once sang.

Why has no one had absolute success in the meeting which began on 17 April? The long debate on the treaty, which dates from 1970 and has been in force for a quarter of a century, had two major tendencies. One proposal was backed by the nuclear powers, and the other by those countries who do not have those weapons. The exclusive nuclear club sponsored an indefinite extension of the NPT. In the meantime, prominent members of the Nonaligned Movement — among these, its president, Indonesia — insisted that the extension be limited to 25 years, maximum. The 13 countries that sponsored this proposal were trying to force periodic revisions to verify compliance with the NPT and in that manner defend themselves against a monopoly on the part of the nuclear powers.

The five nuclear countries did everything on heaven and earth to impose their point of view and to preserve their advantages in this field, compared to the rest of the international community. In theory, they should not be able to get away with it because they are a minority, but in practice they were able to obtain the votes needed.

Tomorrow, the NPT will probably be extended — which is what the nuclear club wants — according to polls taken by the press. This controversy was not mere semantics, between an indefinite or limited period of extension, but a confrontation between a small, privileged group and those who are worried by the nuclear monopoly and who sponsor effective and general disarmament measures.

Nowadays, nuclear arsenals — notwithstanding, several treaties aimed at reducing them — are still capable of exterminating life on this planet, several times over. This reality generated another proposal, one which would conciliate conflicting interests, calling for suspension of testing and the production of materials used for fusion, in an attempt to obtain a guarantee that those weapons would never be used. The idea had its followers and — even with the majority — the nuclear club members cannot boost a consensus. Furthermore, can we trust this type of promise, after the United States bombed Hiroshima and Nagasaki as a way of blackmailing humanity? Who can guarantee that the proximity of the firing button will not provoke the urge to press it, no matter how many promises have been made?

Any agreement regarding nuclear arms is praiseworthy, but it is clear that total disarmament is the only true solution.

Panel Debates Ethics in Tourism Sector

FL1105180395 Havana Radio Rebelde Network in Spanish 1600 GMT 9 May 95

["Straight Talk" program with host Osvaldo Rodriguez and guest Luis Sexto — live or recorded]

[FBIS Translated Text] [Rodriguez] Today we will discuss the need to instill ethics in the tourism sector with colleague Luis Sexto, from BOHEMIA magazine.

[Sexto] Cuban people have realized that tourism is one of the pillars of the Cuban strategy to develop and overcome the special period. Tourism was perceived as the ugly duckling of the Cuban economy for a while, perhaps because people were not used to it, or perhaps due to lack of maturity when assessing the circumstances which Cuba had to confront in the past five years.

People felt that tourism was taking something away, they felt that tourists were eating what they were lacking at their tables. This view, of course, was a very shallow criticism. I recall that a year, or year and a half ago, I discussed the need to view tourism from another angle in Straight Talk. I stressed that tourism was not taking anything away from us, and was giving to us instead. I pointed out that tourism was one of the principal sources of income in Cuba, and therefore, we should not think that it was hurting us. I added that it was time to change our point of view about tourism, and realize what we were obtaining from the industry. I recalled that some listeners called me, and some even reproached me for what I said. Yet, I still believe that we have to focus on what we are getting from tourism, because tourism is one of our main sources of currency...

[Rodriguez, interrupting] Its goal is to be the principal source of currency.

[Sexto] Indeed, and for all practical purposes, it is currently the principal source. Therefore, we have to take care of tourism; we have to handle it as if it were the jewel [nina de los ojos] of the Cuban economy. Tourism should never be felt to be an enemy. Furthermore, we should try to improve it.

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[Rodriguez] All of us should be concerned with tourism, even when we are not directly linked to the tourism industry. Helping tourists in the streets is a good way. Yesterday, for instance, a tourist was asking me for an address. He was very thankful when I got out of my car and gave him directions. This is a way in which all of us can collaborate with tourism.

[Sexto] This is what I was proposing.

[Rodriguez] We can help the tourism economy.

[Sexto] Exactly. We all need to be concerned about tourism because it is one of our principal sources of currency, one of our main resistance and development bastions. We have to view it from a collaboration and solidarity standpoint. The solidarity and hospitality of the people — of all of us — is one of the main Cuban exports.

[Rodriguez] I was recently reading CAMBIO 16 — a very prestigious Spanish magazine — which reported that tourists in Cuba are treated as friends, neighbors, and close relatives. This ethic has been part of our individuality for a long time, and it helps the industry. Yet, I do not believe that this is what you wanted to discuss, but rather other issues related to ethics [eticas]. Specifically, the need to instill ethics in the tourism sector.

[Sexto] People's ethics when relating to tourists. We should indeed be concerned about people's ethics when welcoming visitors. However, we have also to address the ethics involved inside the tourism trade. I want to discuss the ethics of tourism workers attending tourists. This is an important issue.

If we were to focus on what we are taking away from tourism, we can certainly damage its prestige and reputation when we do not behave properly. Tourists need to carry the right image back home, they must have correct and excellent service. Service ethics must excel, so that tourists leave and are willing to return during their next vacation. This should be a measure of our tourism potential.

[Rodriguez] I spoke to a foreign manager once, and he was detailed that problems arise when workers begin treating tourists without respect. Tourism workers have been receiving incentives, but in some places, several workers have become too greedy, and have fallen short of ethics.

[Sexto] This is the kind of ethics I wanted to address. I have spoken to tourists who are definitely friends of Cuba and the Cuban cause. These people offer their opinions, are willing to help, and some of them have complained about having been wrongly billed by some restaurants and hotels. In addition, bills were written in pencil instead of coming from the cash register. They realized the fraud, sent the waiter to correct the bill, and the waiter returned with the same bill altered in a smaller amount, until they could finally stop this game. This kind of situation is taking place in some tourist centers, although we cannot say that is a widespread situation.

[Rodriguez] However, not all workers are involved in this kind of situation.

[Sexto] But we realize that this is going on, and is having — or could have — an effect on Cuban tourism's ethics, credit, and prestige.

[Rodriguez] There is the additional issue of prostitution [jineterismo]. I have known of hotels which prohibit access to jineteras, or prostitutes, where bartenders or bellboys [carpeteros] recommend to guests private homes to take them to.

[Sexto] Sometimes hotels offer the additional services of a cheap and beautiful woman. I was recently talking to someone in Spain, who was telling me that some people in Spain want to travel to Cuba due to the beautiful and cheap women available. This is not the right image for Cuban tourism.

Cuba is not interested in selling or exporting sex and nasty tourism [turismo de placer y escabroso]. I do not believe that the image of an exotic and curious Caribbean island offering Alfred de Musset's Nights of Passion in addition to other five-star hotel comforts is the right image for Cuba. We have to watch to prevent this kind of person from sneaking in. It is hard to open the gates to tourism; there are always moral and social risks involved. Yet, we have to struggle to preserve tourism.

[Rodriguez] We finally arrived at the issue of lack of ethics by some tourism workers, which is the crux of the matter that you wanted to discuss here today. Listeners are probably interested in knowing how to prevent this type of situation. Should the police take care of the problem? Yes, they can play a part. Should hotels or tourist businesses be involved? Yes, they should also play a part. However, workers should be the principal guards of ethics. What is your opinion?

[Sexto] All participants should watch over ethics. An efficient, demanding, and tough management must watch to avoid these unwanted situations. Police should intervene when necessary, yet, we have thoroughly discussed the union workers' role in Cuba, and one of their roles is to protect tourism, in addition to protecting tourism workers. They must protect tourism as another source

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of wealth for Cuba. Unions, workers units, and their leaders must drastically oppose lack of ethics.

You did not mention personnel selection, which is also a significant issue.

[Rodriguez] I was just going to address this topic.

[Sexto] Professional qualifications must be accompanied by morals. I believe that there was a campaign based on the aptitude issue to determine who was going to work. Yet, even when qualified, people should not be assigned to their jobs forever. The process to determine aptitude should be permanent, such as happens in foreign managed hotels. I do believe that foreigners have given us some lessons in this regard.

[Rodriguez] Ethics should prevail every day. Men are daily going through ethics tests. Someone who exhibits ethics today, must behave ethically tomorrow, and always. Personnel selection cannot be done once and forever, there must be some control on workers' conduct, particularly in the tourism sector, because tourist workers are in charge of one of our principal sources of wealth.

I know of managers who were replaced due to their unbecoming behavior, or because their records were blemished when they were caught red-handed, who nevertheless go back to work in hotels or other tourism installations. This should not happen, such people should not hold any jobs.

[Rodriguez] I recalled being in (Biocaribe) hotel once, and the manager was telling me how they advertised their business as a family oriented and quiet hotel, with no prostitutes [jineteras]. Management proved that a clean and healthy tourism is possible. This does not mean that they are going to prevent anyone coming to Cuba from going out with women. Everyone can do as they please in Cuba, provided that they respect our laws.

However, there are some prostitutes, who loiter around hotels, and even participate in the hotels' operation. I have also seen them in some very respectable hotels in Havana, even speaking to the hotel's security personnel.

[Sexto] It is true. Some people are offering hotels and also women. We need to fight these habits or trends. I know that it is not easy. We need to confront the risks originated when Cuba opened to tourism. Furthermore, the purpose of our talk is to make people aware of these risks. We cannot permit this kind of situation. There is still much to learn about tourism.

In the past Cuba had an anti-tourism culture, even during capitalist times. I have read old time newspapers criticizing the anti-tourism attitude in Cuba.

[Rodriguez] Perhaps this phenomenon is common to all Latin America. Mexico has also developed a campaign for the good attention to tourists, even when their hotels are private.

[Sexto] A few years ago I visited Puerto Rico and they had a similar campaign. Is bad service perhaps inherent to Latin culture?

[Rodriguez] We could answer this question in another opportunity because we are short of time. Thank you, Luis.

Roundup of Economic Developments

FL1105192395

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 11 May.

The recently held cattle sector plenum approved the application of the same economic and legal principles and functioning standards to state cattle ranches as apply to the Basic Cooperative Production Units, such as limited profit sharing, and financial and legal decisionmaking authority, to encourage production. The state will maintain ownership of land and equipment; however, the worker will be linked to an area, salaries will be commensurate with production, and lack of performance can be reason for dismissal. Fifty percent of total earnings will be distributed among workers and management; 25 percent will be reinvested in the particular state ranch; and 25 percent will be paid to the state. (Havana Radio Rebelde Network in Spanish 1155 GMT 2 May 95)

A tornado produced severe damage in Siboney County, and Antonio Maceo mill, in Cacocum Municipality, Holguin, on 7 May. Among other losses, 228 houses were damaged, 15 houses were completely demolished, and 50 tonnes of fertilizers, 13 caballerias of tubers, and 12 km of electric lines were destroyed. (Havana Tele Rebelde and Cuba Vision Networks 0000 GMT 8 May 95)

During the month of May, the 41 active oil wells in Ciego de Avila are expected to produce a record 500 tonnes of oil per day, or approximately 3,140 barrels, of the highest quality crude oil discovered to date in Cuba. This level of production has not been achieved since the early 1940's. (Havana Radio Progreso Network in Spanish 1100 GMT 10 May 95)

From October 1994 through January 1995, the Vietnamese Patriotic Front gave Cuba a total of $4 million worth of aid, including 20 million tonnes of rice, in appreciation for the assistance Cuba rendered Vietnam during the conflict with the United States. (Havana Tele Rebelde Network in Spanish 1630 GMT 10 May 95)

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The Bahamas

Proposal Asks U.S. To Accept Bahamas' Cuban Rafters

FL1105130595 Nassau Bahamas Radio Network in English 1130 GMT 11 May 95

[FBIS Transcribed Text] From the Senate Opposition, Senator the Honorable O. B. (Wilscom) suggested that the government enter into discussions and formally ask the United States to allow the Cuban refugees detained in the Bahamas to resettle in the United States. Mr. (Wilscom)'s remarks were in light of the United States' new policy, which opened the doors to Cuban refugees detained at Guantanamo Bay since last year. He said it must be clearly understood that the Cuban refugees in the Bahamas were part and parcel of the 1994 exodus brought on by the continuing feud between the United States and Cuba. Mr. (Wilscom) said Bahamians should be immediately relieved of this strain.

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Positions Approved for Upcoming U.S. Legislative Meeting

PA1205035795 Mexico City REFORMA in Spanish 11 May 95 p 15A

[FBIS Translated Text] Following are the positions approved by consensus among PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] legislators for the upcoming Mexican-U.S. Interparliamentary Meeting, concerning the most important issues for the agenda to be discussed with the U.S. delegation.

— Implementation of an International Financial Package To Support Mexico: They will explain how Mexico is using these resources and why this was the only option to prevent an economic collapse.

— Recovery Plan for Mexico: They will explain the most important points of the program and will ask the U.S. Congress to assume a position of solidarity, because the country's economic recovery would encourage a decrease in the flow of Mexican immigrants, and trade between the two countries would recover to its previous levels.

— Free Trade Agreement: They will ask the Executive Branches in both nations to evaluate how NAFTA has influenced Mexico's economic crisis, which in turn has affected U.S. exports. They will state their opposition to an expedited elimination of customs tariffs because a wave of imports could lead Mexico into an economic standstill.

— Immigration: They will discuss the feasibility of a migration agreement that guarantees Mexican workers' labor and human rights. They admit the risk of such an agreement is that the United States might try to establish quotas and deadlines.

— Cooperation Against Drugs: They will ask the United States to admit that drug consumption is a root cause of the drug trafficking problem, and, therefore, it must assume its responsibility in the fight against drugs.

— Hemispheric security: There are questions about what the U.S. representatives will bring up in connection with this issue. "Whom do we have to protect ourselves from?"

Foreign Secretariat Prepares Dual Citizenship Bill

PA1105140595 Mexico City LA JORNADA in Spanish 10 May 95 p 5

[Report by David Aponte]

[FBIS Translated Text] Sources within the Foreign Relations Secretariat [SRE] report that the SRE is drafting, without input from political parties, a bill to change the constitution to allow dual citizenship. This would be to protect the social rights of fellow citizens who live abroad, particularly in the United States.

The sources explained that the executive branch's bill, now under study by the legal experts, includes reforms to Articles 27, 30, 37, and 38 of the General Constitution of the Republic.

Following a meeting of legal advisers of the agency in charge of Mexico's foreign policy, it was revealed yesterday that, like the constitutional reforms bill prepared by Institutional Revolutionary Party legislators, the SRE proposes that fellow citizens who assume dual citizenship would forfeit their political rights in Mexico.

A high-ranking diplomat has said that some parties have used the idea of dual citizenship to create electoral expectations. The important thing is "to prevent anyone from using it for political purposes."

The initiative now under discussion by the secretariat's legal specialists would modify Articles 27, 30, 37, and 38 of the Magna Carta that address the purchase of property in the national territory and the issue of Mexican citizenship.

According to the constitutional reforms, Mexicans by birth who live abroad, basically in the United States, could legally own lands and waters throughout the national territory.

Also, the General Constitution of the Republic would stipulate that Mexican citizenship by birth is "inalienable," even when our fellow citizens assume foreign citizenship.

According to consultations with the SRE's legal advisers, led by Ambassador Miguel Angel Gonzalez Felix, Article 38 of the Magna Carta on citizens' prerogatives would include an amendment that would suspend those rights once foreign citizenship is obtained.

The documents would state that U.S. citizens of Mexican origin, meaning the new generations of citizens born in the United States of Mexican parents, would not qualify for dual citizenship.

The sources mentioned that the draft bills have been sent to 40 Mexican consulates in the United States for study. The SRE said it is "suitable" for fellow citizens who live in that nation to obtain citizenship there, since this would enable them to defend their social rights.

In reference to this, the SRE has instructed consulates to survey Mexican communities that might benefit from dual citizenship.

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Documents collected by the SRE state that approximately 7 million Mexicans living in the United States are both "eligible for U.S. citizenship" and dual citizenship.

In California alone there are 3.707 million Mexicans who meet U.S. immigration law requirements.

The documents state: "The anti-Mexican offensive and xenophobic tendencies observed in recent years among the Anglo-Saxon population in the United States" have compelled Mexican federal legislators to sponsor the idea of a dual citizenship.

The documents mention the initiative for reforms to the Mexican Constitution would include basic issues for fellow citizens who live in the United States: guaranteed defense of social and political rights for new generations of Mexicans born on U.S. territory.

Foreign Secretariat Issues Communique on NPT Extension

PA1205050195 Mexico City NOTIMEX in Spanish 0327 GMT 12 May 95

[FBIS Translated Text] Mexico City, 11 May (NOTIMEX) — The Mexican Government said today that the indefinite extension of the Nuclear Nonproliferation Treaty [NPT] serves the country's objectives.

The Foreign Secretariat issued a communique stating that on 18 April it said that keeping the NPT in effect "should not be seen as the objective but as a means to facilitate a true nuclear disarmament."

Following four weeks of debates, the NPT Conference meeting in New York agreed by consensus this Thursday to extend the validity of the pact and to adopt revision and negotiation mechanisms to advance toward a general nuclear disarmament agreement.

Mexico initially proposed an extension of the treaty, a renewal of the commitment of countries with nuclear weapons to advance in the adoption of new disarmament agreements, and efforts to further the peaceful use of atomic energy, the text indicated.

Mexico also expressed its interest in approving a treaty that would ban all nuclear testing and in initiating negotiations to ban the production of fissionable material for warlike purposes, it added.

The document explained that this Latin American country also proposed strengthening the system of safeguards for the IAEA [International Atomic Energy Agency] and the establishment of mechanisms to guarantee the NPT's periodic evaluation.

The Foreign Ministry said that these Mexican goals were met by the decisions adopted at the New York conference, which "reflect a balance between the duties and responsibilities of all NPT member states."

The text emphasizes that "the indefinite validity of the treaty confirms that its ultimate goal is the total elimination of all nuclear weapons."

The Foreign Ministry pointed out that "the result of the conference should not be viewed as the prevalence of one point of view in the negotiations but as the international community's victory in the quest for a world free of nuclear weapons."

Secretariat Reports $460-Million Trade Surplus in Mar

PA1105213495 Mexico City NOTIMEX in Spanish 2334 GMT 10 May 95

[FBIS Translated Text] Mexico City, 10 May (NOTIMEX) — In March, the Mexican trade balance registered a $460 million surplus, a favorable figure compared to the $1.330 billion registered for the same period in 1994, according to reports released here.

The Secretariat of Finance and Public Credit said in a communique that last March exports totaled $6.815 billion, while imports of merchandise totaled $6.355 billion.

The total amount of exports made the third month of this year registered a 32.2 percent increase over March of 1994, the secretariat remarked.

According to the Secretariat of Finance and Public Credit, nonoil sales registered the fastest growth, totaling $52 million. This represents a 73.5 percent increase over March of the preceding year.

Meanwhile, it added, in March of 1995 the export of agricultural products registered a 59.5 percent growth with respect to the same month last year, reaching $841 million.

The secretariat explained that this growth is the result of a greater foreign demand, especially due to weather problems in some farming states of the United States.

Regarding the sales of manufactured goods, the secretariat noted that they totaled $5.412 billion, and the largest part of them corresponded to the nonmaquiladora sector, which increased by 42.8 percent.

Last March, exports by the maquiladora industry increased by 15.5 percent compared to the same month in 1994. This increase reflected the expansion of this sector observed for several years, but which grew as a result of the devaluation.

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Regarding the exports of oil products, the secretariat said they totaled $710 million in March, namely 37.1 percent over exports for March of last year.

Regarding the total value of imported merchandise, the Secretariat of Finance and Public Credit reiterated these totaled $6.355 billion, that is, a 2 percent reduction with respect to March of 1994.

Last March the import of consumption goods amounted to $472 million, 39.3 percent less than for the same month in 1994. This decrease originated in the economic adjustment measures implemented by the federal government, the secretariat said.

Regarding the importation of intermediate goods, the secretariat highlighted that they rose by 9.1 percent in March of 1995 over the same month last year, due to the fact that foreign purchases of inputs associated with exports rose.

Meanwhile, the secretariat concluded that purchases of capital goods made abroad declined by 22.4 percent with respect to March of 1994. There were, however, significant hikes in the imports of capital goods made by maquiladoras.

Government Continues Privatization Policy

PA1105162595 Mexico City EL FINANCIERO in Spanish 8 May 95 p 37

[Report by Luis Acevedo Pesquera]

[FBIS Translated Text] Without enough of a margin for economic maneuvering to prevent social collapse, the government has opted to continue the adjustment process through privatization and accelerated deregulation.

The result has been a painful concentration of national income, under which 20 percent of the population accumulates 64.2 percent of the GDP. In addition, the agony of the Mexican market increases, and the country's cultural pride has been destroyed.

In this process, the authorities have been determined to reduce the public sector's economic influence through privatization, mergers or, more plainly, eliminating state agencies.

In exchange, the state has collected a little over $26 billion and, in view of the current big crisis, it is expected that it will receive between $14 billion and $20 billion throughout the present six-year period, including the sale of basic sectors of Mexican Petroleum.

So far and in a very general sense, only 24 families have benefited from this economic policy; their wealth exceeds $1 billion. This wealth increased dramatically when these families began to be the usufructuaries of enterprises that once belonged to the state.

In view of the crisis and as done in the past, proceeds from the sale of state properties will be used to guarantee that the country's international financial obligations are fully met — "in time and substance" — in order to pull domestic finances, diminished by the thirst for excessive gain, up out of collapse.

According to official information from the Finance Secretariat, Bank of Mexico, the National Institute of Statistics, Geography, and Information Science, the World Bank, and the IMF, through privatization state reforms have been consolidated and the dynamics for growth are already in the hands of the private sector. But the quality of this growth is unfavorable to the real needs of 80 percent of the population, whose standard of living has taken a dive.

Mexico, "Guinea Pig" of World Bank and IMF

The World Bank and the IMF, international promoters of structural changes in the Mexican economy since 1982, have used our country as a test bed for their programs. And, given the problems facing Ernesto Zedillo's regime, they have even added U.S. Government demands to these programs.

In general, eight policies have been implemented since the administration of Miguel De la Madrid. Attempts are being made to reinforce these policies: reduction of public spending, elimination of subsidies, tax reform, monetary control, commercial liberalization, competitive exchange rate, aggregate demand control — particularly with regard to salaries — and privatization of public enterprises.

Through privatization of the public sector, the Mexican state reduced its enterprises from 1,155 to less than 150. This trend will continue. To do this, it will not matter if concepts, which have been viewed as strategic, such as the regulation of Article 27 of the Constitution, have to be changed.

To date, its results can be seen in the unemployment rate and in an increase in the size of the informal labor force, in view of the ineffectiveness of the development program implemented by various administrations to assimilate workers expelled from the public sector, those dismissed as a result of the declining fortunes of the industrial sector and those who traditionally join the country's labor force every year.

But this is not all: Privatization has favored the concentration of income for the last 12 years, when the share of

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business profits of 20 percent of the country's wealthiest population went from 48.4 percent of the GDP in 1982 to an estimate of 64.2 percent in 1994.

Along these same lines, the number of poor people showed a dramatic increase because proceeds from privatization were used not only to maintain public spending but to prop up a national financial system that was otherwise unable to face the current crisis.

In real terms and in accordance with international recommendations, public spending was greatly reduced. The current administration has already announced that the same guidelines will be followed.

Reduction in Social Spending

The consequences can be seen in the following figures confirmed by official documents: Spending on the health sector dropped a real 42 percent, when it went from 4.7 percent of the GDP in 1982 to 2.7 percent in 1994, even if the resources of the National Solidarity Program are calculated as part of these figures.

With regard to the education sector, after taking inflation into account, spending was reduced by 21 percent. This does not reflect the deterioration in the salaries of teachers, who receive 2.2 minimum salaries per day as a national average.

In contrast, participation in business profits increased by one-third. These profits were basically concentrated in the six previous years, a period when the privatization of public enterprises was most intense.

MEXICANS WHO BENEFIT FROM THE ECONOMIC POLICY

Carlos Slim	Carso Group, Mexican Telephones
Emilio Azcarraga	Televisa
Jorge and Jose Martinez Guitron	Sidek
Jorge Larrea	Cananea Mining
Ricardo Salinas Pliego	Azteca Television, Elektra
David Penaloza	Tribasa (highways)
Carlos Hank	Interaciones
Lorenzo and Marcelo Zambrano	Cemex
Eugenio Garza Laguera	Bancomer, Femsa
Jeronimo Arango	Citra
Carlos Slim	Carso Group, Mexican Telephones
Roberto Hernandez	Banacci
Alfredo Harp	Banacci
Alfonso Romo	La Moderna
Alberto Balleres	Palacio de Hierro, Femsa
Pablo Aramburuzabala	Modelo Group
Gonzalez Nova Family	Comercial Mexicana
Molina Family	Gemex
Angel Losada	Gigante Group
Lorenzo and Roberto Servitje	Bimbo Industrial Group
Peralta Family	IUSA
Roberto Gonzalez	Maseca Group, Banorte
Moises and Antonio Cossio	Banamex, Inverlat, Carso, Telmex
Franco Family	INFRA
Jorge Larrea	Mexico Mining Industrial Group, TMM
Adrian Sada	Serfin, Vitro Group
Eugenio Garza Laguera	Visa Group

Government Resolved To Continue Chiapas Dialogue

PA1105124195 Mexico City NOTIMEX in Spanish 2012 GMT 10 May 95

[FBIS Translated Text] Mexico City, 10 May (NOTIMEX) — It was announced in Mexico City today that the government delegation that will participate in the talks with the armed group operating in the southeastern state of Chiapas will attend the meeting with the firm resolve to achieve solutions.

The Government Secretariat points out in a communique that at the meeting, scheduled to begin on Friday in San Andres Larrainzar, Chiapas, serious and responsible agreements are required for the sectors of the population affected by the conflict. The secretariat expresses confidence in that it will reach an agreement on the negotiation's procedural rules, including the establishment of working groups for social, economic, political, and cultural issues. The communique states that the federal government hopes to continue uninterrupted negotiations on how to handle the problems that caused the Chiapas conflict.

The government met with the Zapatist National Liberation Army (EZLN), which rose up in arms in Jan-

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uary 1994 claiming Indian rights, on 22 April in San Andres Larrainzar, Chiapas. At that meeting both sides presented proposals for detente, and the EZLN asked for time to consult with its rank and file and prepare an answer to the government's offer.

The Government Secretariat points out that at the last meeting the government delegation proposed that the "procedural rules" and the agenda be examined first, but the EZLN demanded that the meeting begin with a discussion of the military detente issue. In response, the government delegation proposed, as a means of guaranteeing its certainty, "that detente be conceived as an overall process that would include social, economic, political, and cultural measures." The secretariat explains that the overall detente process should promote, among other things, "continual and gradual transition from the current situation of precarious peace to a climate of definitive, fair, and lasting peace in Chiapas."

On the issue of reciprocity, the plan was to agree on successive and concurrent measures for detente on both sides in a concerted and correlative manner, in addition to implementing actions in accordance with both sides' possibilities and capabilities. The secretariat comments that meanwhile the EZLN set forth specific, exclusively military proposals and reiterated its call for the Mexican Army to withdraw from the positions it held before 8 February 1995.

The secretariat points out that for the purpose of preventing recurrence of unexpected situations, such as those that caused the delay of the San Andres session on 20 and 21 April, consultations were held on logistics and security. The consultations were held with members of the Harmony and Peace Commission (Cocopa) and the National Mediation Commission (Conai), to define logistical and safety aspects of the upcoming meeting. These consultations were held because the last meeting was delayed for over 48 hours by the presence of hundreds of EZLN supporters who set themselves up in the vicinity of the meeting's headquarters and hindered security measures.

Attorney General on Former Jalisco Official's Murder

PA1105132695 Mexico City XEW Television Network in Spanish 0430 GMT 11 May 95

[Interview with Mexican Attorney General Fernando Antonio Lozano Gracia by anchorman Jacobo Zabludovsky in Mexico City; from the "24 Hours" newscast — live]

[Zabludovsky] Attorney General Fernando Antonio Lozano Gracia is here with us. Good evening, Mr. Attorney General.

[Lozano] Good evening, Jacobo.

[Zabludovsky] Mr. Attorney General, would you fill us in on this morning's murder in Guadalajara and on the subsequent investigations?

[Lozano] Of course, Jacobo. As you know, this morning, shortly before 0700, Leobardo Larios Guzman, former attorney general of Jalisco, was shot and killed outside of his home. He was killed as he was getting ready to go to the university where he teaches. He was currently a notary public. Larios Guzman was killed by somebody who apparently called out to him and then shot him.

Later, some eyewitnesses said they saw a vehicle carrying other people that were going in the same direction as the person who attacked the former official.

[Zabludovsky] When did the Attorney General's Office intervene?

[Lozano] A few hours later and in coordination with the Jalisco Attorney General's Office, we began to work together on the investigation. We were able to find the people involved in this murder. We found the vehicle that was used, two short-range weapons, and one long-range weapon, which were found nearby. We have positively identified three individuals: Manuel Ayala Melgosa, Jaime Ayala Mendoza, and David Meza Barragan. These people were on a plane to Tijuana, Baja California. We have not yet confirmed that these are their real names; we are still corroborating that. But the investigations have led us to determine that these people are some of those who were part of this assassination.

[Zabludovsky] How did you find these people?

[Lozano] Thanks to police investigations and eyewitnesses who provided important data. We were informed that they were flying to Tijuana, where we apprehended them at approximately 1845.

[Zabludovsky] Mr. Attorney General, were they on a commercial flight?

[Lozano] That is correct, Jacobo.

[Zabludovsky] Don't you think this is very similar to the case of Cardinal Posadas?

[Lozano] That is correct, Jacobo. We even have evidence that these people may also be involved in the killing of Cardinal Posadas. As I said, we are checking the identity of these individuals. Everything seems to indicate an arrest warrant had been issued for some suspects for Posadas killing.

[Zabludovsky] Mr. Attorney General, will this affect the investigation into the killing of Cardinal Posadas?

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[Lozano] It will not affect it. On the contrary, it may provide new angles on this investigation, since those for whom an arrest warrant was issued and who have been apprehended may provide information leading to the total clarification of this killing. In other words, this will strengthen the investigation, as it will permit us to learn new angles.

[Zabludovsky] Does this confirm the hypothesis of the Attorney General's Office about the motives for the assassination of Cardinal Posadas?

[Lozano] This will have to be analyzed, following statements by these people. As we have told the public about the killing of Cardinal Posadas, we have conducted a thorough investigation and taken a lot of depositions. We are about to conclude that part and later brief on the results. I insist: This may provide new evidence that may strengthen the Posadas investigation.

[Zabludovsky] Mr. Attorney General, does this have to do with drug trafficking?

[Lozano] Apparently yes. There is apparently some drug trafficking connection in this. We can't confirm this at this time, though. The investigations will continue. But we are pleased that such a regrettable thing like the killing of this person may be resolved and that results could be obtained in a few hours.

[Zabludovsky] Mr. Attorney General, are these people just the gunmen?

[Lozano] We may assume that, Jacobo.

[Zabludovsky] Then who are the masterminds?

[Lozano] As I said before, the investigation is continuing. But I feel the identifications we have made and the results of the investigation are well-founded.

[Zabludovsky] Mr. Attorney General, where are these suspects?

[Lozano] They are at the Attorney General's Office [PGR] in Tijuana.

[Zabludovsky] Where will they be taken?

[Lozano] They may be transferred to the high security prison in Jalisco.

[Zabludovsky] Do you have their mug shots?

[Lozano] No. As I said, they were apprehended at 1845 Tijuana time and are now being questioned.

[Zabludovsky] Mr. Attorney General, eyewitnesses reported there were four people at the crime scene. Does this mean there is still one suspect at large?

[Lozano] Exactly. That's the report we have. Again, the investigation is still in progress.

[Zabludovsky] Do you want to add anything else?

[Lozano] I think it is important that cooperation between institutions on issues like this has permitted us to provide prompt results. We feel that the Mexican people need this. We are trying to do our job right.

[Zabludovsky] In this case, PGR officials and agents have been very efficient.

[Lozano] That's right, Jacobo.

[Zabludovsky] Thank you very much.

[Lozano] Thank you.

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Costa Rica

New Congressional Leaders Profiled

95CA0220A San Jose LA NACION in Spanish
2 May 95

[Received via Internet]

[FBIS Translated Text] As expected, the votes of the National Agrarian Party (PAN) and the Cartago Agricultural Union Party (PUAC) enabled the PLN [National Liberation Party] bloc to retain control of the legislative leadership and to appoint Antonio Alvarez as the new president of the Congress. Alvarez and the rest of the PLN slate received the necessary minimum of 29 votes thanks to the support of 27 out of 28 deputies from their bloc and of legislators Victor Hugo Nunez from the PAN and Juan Guillermo Brenes of the PUAC.

The other elected members of the leadership are: Carmen Maria Valverde (vice president), Alvaro Azofeifa (first secretary), Manuel Antonio Barrantes (second secretary), Maria Luisa Ortiz (first assistant secretary), and Roberto Zumbado (second assistant secretary).

The PLN's Otton Solis made good on his threat to boycott the election. The day before yesterday saw a final unsuccessful attempt to dissuade him from making his vote contingent on a written pledge to cut superfluous congressional spending by 120 million colones a year.

Solis and Luis Gerardo Villanueva, the head of the PLN bloc, were unable to reach an agreement over the phone. The only point that they could agree on was to set a ceiling of 5 million colones a year for items such as meals, overseas trips, and use of legislative assembly vehicles.

The deputy joined the plenary session once the election was over and distributed a seven-page letter to his fellow party members in which he explained his position: "I hope that there are no reprisals," he said after a makeshift press conference.

Nonetheless, the reactions against him were not long in coming. Antonio Alvarez asserted in a speech before the full session that austerity would be one of the focuses of his efforts, and he criticized attempts to turn this issue into a specific pledge.

"We are going to fight to eliminate superfluous spending, not merely as a standard but in point of fact, with real decisions. This is not an issue for political oratory but rather one to be put into practice," he asserted.

Alvarez added that as president of Congress he would give priority to thrift and efficiency in spending government revenues. He will also promote reform of the bylaws and have a hand in establishing a timetable for taking up bills over the coming 12 months.

Opening Fire

The election of the new legislative officers took place from 9 to 10:18 AM amid calm.

The fireworks began with the speeches. Bernal Aragon, the head of the Social Christian Unity Party (PUSC) bloc, described the current administration's performance as "reckless" and blamed it for the widespread deterioration in the political sphere and for the atmosphere of social mistrust.

Aragon acknowledged that the agreement that President Jose Maria Figueres and his predecessor Rafael Angel Calderon signed last Friday opens the door to dialogue. He indicated that his bloc would support structural and financial reform and the modernization of the electoral system.

Gerardo Trejos, the head of the Democratic Force bloc, also criticized international organizations and transnational corporations for meddling in the decisionmaking of the country's branches of government. He issued an appeal to defend national patrimony and sovereignty.

Luis Gerardo Villanueva stated that his party would spur the modernization of the state, which would not mean, however, that it would renounce the fulfillment of its fundamental purposes. Other priorities will be electoral, financial, and municipal-government reforms.

Villanueva also underscored the far-reaching importance of the agreement that Figueres and Calderon signed. He indicated that this should be an example for relations in Congress.

Change of Command

The new officers of the legislative assembly who will complete their terms in 1996 are:

Name: Antonio Alvarez Desanti Post: President of the Legislative Assembly (1995-96) Occupation: Attorney, banana grower, and businessman. He received his MA in law from Harvard. Zone represented: Central canton of San Jose, Tibas, and Curridabat, Province of San Jose Political experience: Former minister of agriculture and livestock and of the interior (1986-90). Former president of Fertilizantes de Centroamerica and of the National Council of Production. Assistant chief of Figueres' preliminary and national campaigns. Political ties: classmate of President Jose Maria Figueres at Harvard. Age: 36

Name: Carmen Maria Valverde Acosta Post: Vice president of the legislative assembly Occupation: Educator,

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college professor, licentiate in philology Zone represented: San Ramon, Alajuela Political experience: Former adviser to former President Oscar Arias Sanchez. Former president of the University Tribunal and of Radio Universitaria. Former director of the Cultural Patrimony Recovery Program, and former assistant director of the Food Technology Research Center. Political ties: member of the ATD [expansion not given] firm. Age: 52

Name: Alvaro Azofeifa Astua Post: First secretary Occupation: Primary- and secondary-school teacher Zone represented: Santo Domingo, Heredia Political experience: Former alternate councilman in the Municipality of Santo Domingo, Heredia (1982-86), councilman in that municipal government (1986-90), former budget coordinator in the Ministry of Public Education. Member of the Plenary Assembly of the PLN. Age: 51

Name: Manuel Antonio Barrantes Post: Second secretary Occupation: Professor of history and geography. Doctorate in history from the Universidad Complutense of Madrid. Special studies in international relations, Florence, Italy Zone represented: Grecia, Alajuela Political experience: Former councilman in Grecia (1974-78). Consul general, embassy counselor, and charge d'affaires of the Costa Rican foreign service in Spain, Portugal, and Belgium. Member of the Victoria R.I. cooperative. Age: 51

Name: Maria Luisa Ortiz Mesaguer Post: First assistant secretary Occupation: Educator. Licentiate in school administration and bachelor's degree in sciences, biology, and chemistry Zone represented: La Union, Cartago Age: 51

Name: Jose Roberto Zumbado Arias Post: Second assistant secretary Occupation: Businessman Zone Represented: Nicoya, Guanacaste Age: 54

El Salvador

Economic Minister on Textile Dispute With U.S.

PA1105143995 San Salvador LA PRENSA GRAFICA in Spanish 10 May 95 p 21A

[FBIS Translated Text] In the wake of a new dispute over textiles between the United States and El Salvador and possible restrictions on exports, Economy Minister Eduardo Zablah said that right now "the call for quotas is a priority in the negotiations."

"We have our team working on that issue, which is of great importance to the textile industry," Minister Zablah said, in reference to the negotiations being held in Washington by members of the Economy Ministry on statements made by the United States about restricting exports of those types of products.

On 27 March two calls were made for quotas in four categories: 351 and 651 which correspond to sleepwear, and 352 and 652 which are underwear.

A 60-day deadline has been set for El Salvador to consult and reach an agreement. The negotiations by the Salvadoran commission, led by Deputy Economy Minister Rene Leon and Trade Policy Director Eduardo Ayala Grimaldi, began last week. On Tuesday, the commission left again for Washington.

Minister Zablah said even though every effort is being made in the negotiations "the predictions have not been disclosed, but they are being implemented to protect the current base of the national textile industry."

The minister believes the commission is fighting to "maintain the current production base so that we will not sacrifice any jobs on the basis of calls for quotas."

Asked about why there is this call for quotas, Zablah said it could be fostered by the U.S. unions, who, seeing the competitiveness of Third World countries, fear for their own industry's stability. "There is a lot of that. The umbrella over all these movements is the protection of the U.S. textile industry," Zablah said. Zablah added that "the call for quotas could be motivated by some U.S. businessmen, in addition to the unions."

According to the economy minister, if good results are not obtained through the negotiations, the nation will be the big loser, because "neither foreign nor local investors would be attracted here for these categories in the future, and our growth would be limited."

Zablah said the "call for quotas goes hand-in-hand with success. The fast growth of exports has attracted their attention and prompted the call for quotas."

The bottom line is that the call for quotas means that "the country is doing well," Zablah said.

If good results are achieved in the negotiations, "we will reach a level of quotas that will allow us the productive base and certain expansion," Zablah said. This means that export levels will be maintained and slightly exceeded for both categories.

But on the other hand, if negotiations are not successful, then it is most likely that the current export base will be maintained. But "we are bent on protecting the textile industry," he stressed.

After all avenues for direct negotiation are exhausted, the country could turn to the international courts. "El Salvador has a right to be heard and to defend itself in international courts against unfair trade practices by other countries. We have a right to hearings," Zablah said.

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Textiles are regulated by the Multifiber Agreement, valid until the year 2005, despite the fact that the WTO [World Trade Organization] began operating last year, which means there will still be 10 years of regulations.

Minister Announces Regional Minimum Tariff

PA1105173095 San Salvador LA PRENSA GRAFICA in Spanish 9 May 95 p 16A

[FBIS Translated Text] Economy Minister Eduardo Zablah Touche confirmed yesterday that Central America unanimously agreed to lower the minimum tariff from 1 to 0 percent. This will be established in a new protocol that will be drafted by the Secretariat of Central American Economic Integration (Sieca).

LA PRENSA GRAFICA learned on 5 May that El Salvador proposed lowering minimum tariffs to 0 percent to the Central American Tariffs Council. The motion was made before the council at a 3 May meeting in Guatemala. The PANORAMA ECONOMICO segment reported this news exclusively on 6 May.

Minister Zablah confirmed yesterday that as a result of the Salvadoran proposal, a decision was made to modify the Central American integration agreement that establishes a tax range between 100 and 1 percent (maximum tariff and minimum tariff, respectively.)

The council, which is made up of the economy ministers of the Central American region, is the top regulatory body of the isthmus' tariff policy.

"The modification consists of lowering the minimum tariff from 0 to 1 percent. As for the maximum tariff, since several countries that joined GATT had already established tariffs — over 100 percent on certain products — we had to make modifications. We will allow them to remain over 100 percent for the time being. In other words, the range is not 100 percent," Zablah explained.

Zablah added that if the protocol establishing the modifications is ready this year, taxes on capital goods will drop to 0 percent before the date specified for the beginning of the second phase (January 1996).

During the second phase of tariff reductions, tariffs on raw materials will also drop to 0 percent as opposed to the 1 percent agreed to by the Central American Tariffs Council.

In the opinion of Zablah this proposal is in keeping with a tariff measure promoted initially under the concept of "economic platform for social development" disclosed in January.

He added that El Salvador is determined to increase industrial competitivity and that is why the reduction of the minimum tariff to 0 percent was negotiated.

"This does not mean that countries have decided which items will carry the 0-percent tariff. This means that the range along which Central American tariffs move may drop to 0 percent," Zablah noted.

Why the Modification

The minister said that the modification was needed because the Central American integration agreement originally established, without any scientific basis, a tariff range of 1 to 100 percent as a platform to standarize tariffs. It was approved when tariffs were used for protection purposes.

He explained that back then tariffs were used as fiscal policy instruments, but now in the framework of competition and globalization they have become trade policy instruments.

Guatemala

President De Leon Comments on Bamaca, Devine Cases

PA1205001395 Guatemala City Teleonce Television in Spanish 0400 GMT 11 May 95

[From the "Telepress Newscast"]

[FBIS Translated Text] On the morning of 10 May, President Ramiro De Leon Carpio commented on aspects of the Bamaca-Alpirez case after being asked about U.S. lawyer Jennifer Harbury's statements that the U.S. Government must impose drastic economic sanctions against Guatemala.

[Begin recording] [De Leon] All of us know that the legal doors and mechanisms are working as far as the cases of Bamaca, Devine, and the CIA are concerned. As for the Attorney General's Office, it is working under complete freedom and autonomy. Therefore, Guatemala has its doors open to the entire world, which is realizing that the mechanisms, which, of course, have some deficiencies, are working to counter impunity and to do away with all sorts of impunity.

In this regard, for the first time ever Guatemala is implementing legal investigative mechanisms while respecting the independence and autonomy of institutions such as the Attorney General's Office. Therefore, I believe we are moving forward in such a way that if the economic [word indistinct] did not work out before, they will not work now, because we are responding to what has been internationally pointed out to us regarding a

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prior effective confrontation. [sentence as heard] Today, the government minister gave specific information regarding the real advancements made, proving that I did not merely give lip service, but that we are carrying out real actions that are being recognized both in the United States and domestically.

Therefore, as for the request to impose economic sanctions, I believe Mrs. Harbury has the right to request them. However, I believe that if you analyze the circumstances that have taken place for some time now, they are so different that, if they did not work before, they will not work now. [sentence as heard]

[Unidentified reporter] Mr. President, [words indistinct] the defense of Colonel Alpirez and the defense of [words indistinct] two more cases. Is this true?

[De Leon] We will have to pose this question to the defense minister.

[Reporter] Don't you know anything about it?

[De Leon] No.

[Reporter] [Words indistinct]

[De Leon] First, we would have to find out if it is true.

[Reporter] [Words indistinct], Mr. President.

[De Leon] We will have to look into it. I cannot give opinions on an issue of which I am unfamiliar. I would be guessing. Lately, I am accustomed to giving very clear opinions and answers based on true facts. In this case, neither you nor I know anything about it. You are not asking me about a truth; you are asking me about an issue that could or could not be true. When I have a clear understanding of this situation, I will be glad to give you an answer, and I will act on it. [end recording]

Nicaragua

FSLN Communique Demands Reductions in Taxes, Bills

PA1105185795 Managua BARRICADA in Spanish 10 May 95 pp 1, 2

[Communique issued by the Nicaraguan FSLN's National Directorate in Managua on 9 May]

[FBIS Translated Text] The Nicaraguan people are facing one of the most serious economic crises in their history. Unemployment, hunger, high water and electricity bills, and intolerable taxes of the government of Mrs. Chamorro and Mayor Aleman combine to create an unbearable situation.

In addition to the economic shortages the Nicaraguan family faces, we now see deterioration in the conflict among the state branches over the *constitutional reforms* issue.

The National Directorate of the FSLN [Sandinist National Liberation Front] believes that people do not have to suffer these burdens in silence. To the contrary, they have the right to the economic defense of their homes.

For all these reasons, the National Directorate urges members of the FSLN and all other sectors to immediately and vigorously mobilize to demand the following, among other issues:

1. Immediate reduction in water and electricity bills;

2. Reduction in taxes levied by the Mayor's Office and reduction in fuel taxes; and

3. Respect for and final issuing of property titles to the popular sectors and credits for production.

The FSLN also believes that the future of the national economy and the country's democratic stability are at stake. Therefore, the FSLN proposes the immediate start of national talks among political and production forces for discussion of the following:

1. Modifying economic policies that cause hunger and unemployment;

2. Making viable the *constitutional reforms* supported by consensus;

3. Agreeing on the 1996 elections in order to guarantee confidence and widespread acceptance. Among other agreements, we propose approval of the *Electoral Ethics Code*.

The people have the right to stage demonstrations and to strive for a dignified life for their children.

The mass mobilization that the FSLN is urging is not meant to destabilize the country's institutions and government; it attempts to compel them to respect the life and stability of Nicaraguan homes.

Enough of the government's lack of sensibility!

Enough of unbearable taxes!

Up with the properties of peasants and people!

Nicaragua comes first!

Free fatherland or die!

Managua, 9 May 1995

NATIONAL DIRECTORATE OF THE SANDINIST NATIONAL LIBERATION FRONT

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Caldera on Police Reorganization

95CA0213A Managua EL SEMANARIO in Spanish 24 Mar 95 pp 12-13

[Interview with National Police Chief Commander Fernando Caldera by Jorge Katin; place and date not given]

[FBIS Translated Text] The transfer of Commander Leonel Espinoza, second in command of the Police, to the Ministry of Government has opened up old wounds in the Police and led to numerous conjectures about a supposed power struggle in the Police command. A number of former high-ranking officers in the Police and Ministry of the Interior have, since their retirement, discussed the causes of the conflict with EL SEMANARIO. Based on these opinions and information, EL SEMANARIO has come up with some "hypotheses," to which the present Police commander, Regimental Commander Fernando Caldera, responds. These "hypotheses" are:

1. That the Police were abandoned by the National Directorate of the FSLN [Sandinista National Liberation Front] as part of the transition agreements, in exchange for preserving the command structure of the EPS [Sandinist People's Army] and Humberto Ortega as its head. This decision to abandon the Mint [Ministry of the Interior] in exchange for the EPS would provide sufficient assurance of Sandinism's survival, given an eventual revanchist escalation on the part of the UNO [National Opposition Union] government, which could be assumed at that time.

2. That since 1990, when Colonel Lenin Cerna of the now defunct State Security was transferred to the Armed Forces, the EPS has had a strong interest in having a decisive influence in the Police command structure, especially in gaining control of the antidrug organization.

3. That Fernando Caldera's appointment as Police chief was supported by General Humberto Ortega, after Caldera and other police officers, including Leonel Espinoza, turned over a cache of rifles that had been concealed by Mint cadres after 25 April 1990. That Ortega reported the recovered rifles to the government, thus staying on good terms with it, and incidentally recommended Caldera for this position.

4. That once in the Police leadership, Caldera and Espinoza began to distance themselves, as both were contending for the leadership of the Police and direct relations with the Executive.

5. That as a result of the election defeat of Sandinism, cadres from the Ministry of Government were placed in the Police command structure, displacing the regular officers, which created a major conflict and split the Police into two camps. And that the resentments caused by this measure still exist, which favors the thesis that there is no one in the Police who can take charge after Caldera leaves, and that the Army will propose that a colonel with intelligence experience assume that responsibility.

[Katin] Do you share the view that the Police were abandoned during the transition agreement? Did the transfer of Mint cadres to the Police create disputes among the Police regulars?

[Caldera] In literature, that is called magical realism. It is fiction. Some people in the Police never accepted the departure of Commander Tomas Borge. They wanted similarity between the Army and the Ministry of Government. The truth is that these institutions have different realities and natures. It is not the same to be a minister of state and to be head of the Army. That symmetry is incorrect. This is a fable, it is something apart from reality.

[Katin] Was it not very clear, though, that the imposition of Mint cadres in the Police in 1990 generated disputes?

[Caldera] I am answering you frankly. Before September 1992, which is when I was appointed, I understand there were some problems which I am not very familiar with because I was not in the Police command then. But I can assure you that from September 1992 until now that type of problem does not exist any more. In the Police, we are united and solid. We are prepared to deal with any difficulty.

[Katin] What is the origin of the conflict with Leonel Espinoza?

[Caldera] At least on my part, there is no conflict with Leonel Espinoza. Espinoza is simply leaving the Police. His departure is the result of a request from the Minister of Government to work with him. I did not oppose that. I have no problem with it. I am not going to be hypocritical and say that Leonel Espinoza is a person for whom I have great esteem. That is not true. But it does not mean there is a problem between us. I also want to say that Commander Espinoza did not cultivate the best relations with the rest of the people in the Police, so his transfer is a positive move, both for him and the institution.

[Katin] But before your appointment your relationship with Espinoza was very close.

[Caldera] No. It was never anything special. It was a good working relationship. The new minister, Sergio Narvaez, has been promoting a reorganization process, and a reorganization of the Police command. The decisions we make in the national command structure are collegial decisions. I do not make them by myself.

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Let me insist, the decisions are collective and made in consensus with the Ministry of Government. Acting out of a spirit of sensationalism and attributing Leonel Espinoza's departure to a personal problem with me is subjective and false, even if he (Espinoza) is spreading that version.

[Katin] In recent years have you perceived any interest on the part of the Army in influencing Police decisions, especially the antidrug division?

[Caldera] The first thing I have to say is that I am a close friend of General Joaquin Cuadra. Our relationship is one of mutual cooperation and openness. A very good relationship. I was very happy about his appointment. I deny that there are any differences between the Police and the Army; instead, we share concern about fighting organized crime.

My philosophy on the antidrug campaign is this: fighting drug-related crimes does not belong exclusively to anyone. That is a mistake which has been infiltrated in Nicaraguan society. The nation's laws give the Police preponderance in dealing with these crimes, but not exclusivity. It is absolutely incorrect to say the Police are the only organization with that responsibility. It is a responsibility for all of society, because the cartels have infinite resources that exceed those of the governments of countries like ours. The operations I have conducted against drug trafficking groups have had the greatest and strongest cooperation with our comrades in the Army, and that is why we have been successful. One example of this is the Triangle Operation, which had great international repercussions. Without the cooperation of the Navy and Air Force, it would not have been possible to conduct that operation. Let me categorically assure you that we feel no rivalry, no problem about this issue with our comrades in the EPS.

[Katin] Let us go back to the Espinoza case. The group which backed your candidacy for Police chief included Espinoza. Was there a connection between your candidacy for the post and the turnover of weapons that had been concealed after the FSLN election defeat?

[Caldera] Absolutely not. Violeta de Chamorro is the only person to whom I owe my appointment; at a very difficult time for the people of Nicaragua, she made the decision to give me that vote of confidence to which I believe I have responded. In any case, she is the only person to whom I owe this.

[Katin] Then why are Police officers, some of whom are retired, certain that you, with some informants, took part in a sort of negotiation with General Ortega to return arms that at the direction of the former head of the Police had been stockpiled after the election defeat? Was your appointment due to that?

[Caldera] That would make a good novel. Those guys have a lot of imagination. I view that as quite a good story, and that is the only thing I can answer to that conjecture. That idea of palace conspiracies, that is not reality.

[Katin] Then why did Espinoza never become director of the Police Academy, staying with you in the command, especially in the antidrug area?

[Caldera] Police deputy directors were sworn in as deputy directors, not as specialists in anything, and they had flexibility so they could be rotated to meet Police needs. At one time it was thought that Leonel might coordinate various activities: Interpol, Drugs, and Economic Crimes. But I want to make something clear: the National Police act as a system; if we do not all play our role in this team effort, the Police lose. We have no Sherlock Holmes here, no Agents 007, this is a working collective and in these antidrug operations, everyone played roles of equal importance, from the director of the Police; the deputy director in charge of that area; Johnny Mua, who was fully involved in various actions; down to the men who parachuted from helicopters into boats, at the risk of drowning.

[Katin] Do you feel betrayed by Commander Espinoza?

[Caldera] No. I have no reason to.

[Katin] But he is going to direct antidrug efforts from Mingo [Ministry of Government]?

[Caldera] Ministry of Government antidrug policies may vary. That often happens for administrative reasons. A change of minister may alter the situation. But policies governing Police dealings with the drug traffic and with domestic trafficking can not be subject to such alterations, as there is a clear Police mission to deal with crime.

[Katin] Then who will handle relations with the DEA?

[Caldera] The Police.

[Katin] Are you sure?

[Caldera] Totally. The DEA's professional relationship is with the Police of Nicaragua. The same as it is anywhere in Latin America.

[Katin] Might Espinoza be the link who takes the drug traffic effort to the Army?

[Caldera] No, that is not feasible. It will not be possible to remove the Police antidrug program from where it is. That would violate our Organic Law.

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[Katin] Given the lack of people to replace you, might the Army propose, as an alternative, a high-ranking officer to take control of the Police?

[Caldera] We have enough people to continue our work. There are people of the requisite professional, human, and intellectual quality. We have sufficient depth. General Cuadra has never mentioned anything like that to me, nor do I believe he is thinking about it.

[Katin] Who are those potential replacements?

[Caldera] Eduardo Cuadra Ferrey, Luis Chavez, Edwin Cordero, and Franco Montealegre. They are the candidates.

[Katin] Commander Espinoza is not another possible candidate?

[Caldera] No. Someone who leaves the Police does not come back. He left through a transfer and cannot return. That was the price of his transfer, and he knows it.

[Katin] What are you waiting for to enforce the Constitutional reforms?

[Caldera] I have no comments on that issue.

[Katin] What are you going to do when you leave the Police in September 1996?

[Caldera] Right now I have not had time to think about it. I only think that I am still in the Police.

[Katin] What is your greatest satisfaction after four years as chief of the National Police?

[Caldera] I have still not sorted out my ideas about that, but I can tell you some important gains. First, the legitimacy the Police have earned in society. Then the process of internal consolidation and unity in the Police. The effort to improve conditions for our men in the midst of this great crisis. Every day we feel more connected with the problems of civil society, and that is an extremely important achievement.

[Katin] What is still left for you to do?

[Caldera] I think the main problem I have faced is economic.

[Katin] Are we going to continue seeing policemen guarding markets and private businesses to supplement their salary?

[Caldera] Yes. We are going to continue seeing that. There is no alternative in the short term.

Personal Notes

Fernando Caldera was born in Leon 40 years ago, and joined the anti-Somozist fight at 19. Since the year of the victory over the Somozist dictatorship, Caldera has worked in the Ministry of Interior, serving as ministerial delegate in Regions Four and Five. Caldera had to take the then bishop of Juigalpa, Pablo Vega, to the border, bound for exile. He had been charged with collaborating with the counterrevolution.

He is married and has two daughters, one of whom is handicapped. He says he "feels very proud of her for her efforts to be part of society."

Court Seen as Solution to 'Crisis'

95CA0212C Managua EL SEMANARIO in Spanish 24 Mar 95 p 5

[Commentary by Walter Lacayo Guerra: "Supreme Court at Bat"]

[FBIS Translated Text] For the first time in our country, an institutional crisis as acute as what we have observed between the Legislative and Executive Branches since the start of this year will not be resolved through military force. History is filled with that sort of "formula" for putting an end to similar conflicts. The head of the Army, General Joaquin Cuadra, has been crystal clear in saying that the Army will not intervene and, on the contrary, it will respect a political agreement resulting from negotiations or from a constitutional ruling by the Judiciary.

Very good for Nicaragua. Good in the sense that there is now a chance that it will be our democratic institutions, with the support of civil society, that will be able to get the nation through its political and economic deadlock without the military's decisive intervention. The Army's neutral presence must be viewed in that sense. This is actually real support for the empowerment of civil authority, understanding it to be not only concentrated in the Executive but shared among all civil institutions.

The levels of antagonism created by the refusal of the government of Violeta Barrios [Chamorro] to recognize the constitutional reforms, and the accelerated status of the actions taken by the National Assembly in its desire to promote compliance with these reforms, make the suggestion of some sectors with ties to the government impossible. They would like things to return to the state they were in before passage of the Constitutional Reform Law. That is no longer possible. Attempting to wipe out the reforms with the stroke of a pen is the crudest error made by Minister of the Presidency Antonio Lacayo and his support group led by the FSLN [Sandinista National Liberation Front]. The Sandinist Front, the Executive, and that part of the private sector which supports the government will have to be more pragmatic when planning their strategy. Trying to change reality with authoritarian methods, as they have

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tried to do so far, would place the nation in a situation of political instability worse than it is now in, and in the end, they will not achieve their desire—to continue governing with an unreformed Constitution.

Whoever has public opinion on his side has won half the battle. It is clear that the National Assembly has the support of public opinion, which means that politically, the legislators are stronger. The polls show that over 70 percent of the people support the reforms, so the huge antireform advertising war is not accidental.

Calculations by advertising experts indicate that in less than one month the government has spent 8 million cordobas in its ad war. For government officials, getting public opinion on their side has no price, thus the waste of money in paid statements in newspapers, magazines, pamphlets, television, radio, etc. There has been talk in the National Assembly of questioning Minister of Finance Emilio Pereira to have him explain where the money to finance such an advertising campaign is being taken from. The people's money should be invested in the nation's development, not thrown away in campaigns promoting the ruling group. It is the deputies' obligation to make sure the taxes of the Nicaraguan people are not transferred to the pockets of two or three people. Remember, advertising has been one of the healthiest businesses in recent times.

In any quarrel, one party loses or at least ends up giving up more than the other party. In the present case, everything indicates that the Executive will end up accepting the constitutional reforms. When? Nobody would venture to answer that. But political analysts expect this conflict between government powers to end sooner than seems likely.

Every day the possibility grows stronger that the situation will be resolved in the Supreme Court. Proposals to resolve the crisis, made first by Arnoldo Aleman, president of the PLC [Constitutionalist Liberal Party] and later by the PNC [National Conservative Party] do involve the Supreme Court.

It is known that at two United Nations sessions, the ambassadors from the Support Group, consisting of Mexico, Holland, Spain, Canada, and Sweden, hinted that they might be quite ready to support an accord that would involve the CSJ [Supreme Court] in solving the conflict.

Moreover, the strongest reason suggesting the possibility that it may be the Supreme Court which will point out the road to follow is the Legislative branch's decision to proceed without delay to discuss the names of candidates for magistrates of the CSJ—which, as provided by the reformed Constitution, shall consist of 12 members divided into four chambers. The Executive has refused to submit its list, alleging that it does not recognize the constitutional reforms, but the bar associations and various political parties are presenting their candidates to the Justice Commission of Parliament.

Once the new magistrates of the Supreme Court of Nicaragua have been chosen in accordance with the Constitutional Reform Law, things will change radically, as the legal and political storm clouds will be cleared away. It will be too complex for the Executive to refuse to recognize not only laws passed by the Legislature, but also the resolutions of a strengthened Judiciary. Playing the rebel will not be possible for very long.

Indigenous Leaders Discuss Unity Proposals

95CA0212A Managua BARRICADA in Spanish 13 Mar 95 p 2B

[Article by Carlos Garcia Castillo]

[FBIS Translated Text] Fifty leaders of Atlantic Coast indigenous organizations, concerned about the scattering and weakening of the indigenous organization and leadership, on 7 March decided to take the first steps to promote unity in the Caribbean indigenous movement.

Broocklyn Rivera, the leader of one of the organizations participating in the session on the problem of leadership of the Atlantic Coast indigenous organization, said that they need to "forge unity among all indigenous groups and leaders in order to strengthen the cause of the Caribbean communities."

A total of 50 people took part in the assembly of Caribbean leaders, one leader from all the political factions and members of various indigenous organizations that are willing to unite their efforts around the principal tasks "which weigh on the shoulders of indigenous peoples," as Rivera said.

The Atlantic Coast leaders, from both the north and south, decided to form a Council of Leaders composed of 21 members who will work with their people to develop self-government and organization strategies and seek economic solutions for the region.

Future Challenges

"Though in the past there have been differences among organizations, we face very great tasks which challenge us to unite and work for the aspirations of our communities," indicated the leader.

Rivera said the Council of Leaders will continue working to analyze and seek consensus on issues that have not yet been discussed, like protecting natural resources

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that are exposed to plundering, the lack of economic structures, and options for emerging from the prostration prevailing in Nicaragua's Atlantic Coast.

"We believe unity is the only viable way to emerge from the difficulties, divisiveness, and weakness that persist in the Coast, so it is urgent to overcome differences among leaders and organizations and forge a broad and total unity enabling us to move toward a solution for our major Caribbean goals," indicated Broocklyn Rivera.

At the assembly it was agreed, in addition to forming the Council of Leaders, to hold a seminar with community representatives and elders to discuss mechanisms for the demarcation of communal lands.

The seminar will be held from 18 to 20 April, and a general assembly for all Atlantic Coast indigenous communities will take place from 9 to 11 November in the city of Bilwi (Puerto Cabezas).

In addition to working for indigenous unity, the Caribbean leaders agreed to take the steps required for the exhumation of the mortal remains of soldiers who died in the recent struggle.

Panama

Provincial Labor Unions To Support Strike

PA1005223995 Panama City EL PANAMA AMERICA in Spanish 10 May 95 p 1A

[Report by Carlos Vargas and Leonardo Machuca]

[FBIS Translated Text] During a meeting yesterday, representatives of the Chiriqui Land Company unions approved a motion to engage in a work stoppage to protest the labor code reforms. The unions that comprise the Labor Foundation threatened to call a strike if lawmakers approve the draft reforms in their current form.

The six-hour meeting was held in Bocas Del Toro Province. Among those present were Mario Smith and Jose Morris, the secretary generals of the Changuinola and the Puerto Armuelles chapters of the Union of Chiriqui Land Company Workers. The workers approved sending a delegation to participate in tomorrow's demonstration in Panama City and to support the 24-hour warning strike called by those groups opposing the reform package.

Mario Smith told EL PANAMA AMERICA that after the demonstration the leaders of 39 unions opposing the changes will meet to set the date for the 24-hour strike.

Meanwhile, the member unions of the Labor Foundation asked the university rectors and the United Nations to mediate to get the government to comply with Bambito III, which is an agreement that calls for a consensus to modify the Labor Code.

Labor Minister Mitchell Doens, meanwhile, responded saying that the Bambito III agreement "does not prevent the government" from proposing changes to the code, especially in light of the fact that the Constitution and the law authorize the government to do so.

The National Federation of Panamanian Workers, the Confederation of Workers of the Republic of Panama, the Panamanian Transportation Workers Federation, and the General Federation of Workers, all of which are members of the Labor Foundation, did not discard the possibility of a strike as "a last resort" if the Executive Branch's reforms are approved.

Union Leader Aniano Pinzon said the government's draft "does not match the spirit or letter of the agreements reached with the Labor Foundation." New articles comprise 45 percent of the reform package and would affect job stability and unemployment benefits, 15 percent of the articles have been distorted, and only 20 percent is what was originally agreed upon by management and labor.

Pinzon warned, "The situation places the workers movements on a permanent state of alert in light of possible protests to prevent the Executive Branch's draft from being approved."

Meanwhile, the minister said: "We believe the discussion phase has been completed. Now we are in the phase of legislating, during which we are willing to reconsider specific issues." He also made it clear that the draft could not be withdrawn from the assembly, as this would be "of great help to a minority that opposes the reforms on no legal or scientific grounds."

Labor Foundation member Eduardo Vallarino denied that the government had broken the pact it signed with the workers and the foundation. Vallarino claimed, "The government added its own opinion and, because of time factors, it was not possible to reach any agreement with the foundation."

Government To Continue Labor Code Reforms Talks

PA1205033695 Panama City Circuito RPC Television in Spanish 2300 GMT 11 May 95

[From the "RPC Television News" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Workers continue to march while the national government has expressed its willingness to continue to hold talks and reach a consensus

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on modifications to the Labor Code. Alexander Calderon has the story:

[Calderon] Authorities have said that the dialogue remains open in the Legislative Assembly on the proposed modifications to the Labor Code.

[Labor Ministry Official Reynaldo Rivera; identified by caption] "If we hear sound arguments justifying qualitative improvements to the project at a different level, we will be glad to accept them. However, such proposals must be based on respect and recognition that the national government has reached a vast consensus throughout the country."

[Calderon] Likewise, the guarantor commission of the Bambito III Pact, which is supporting a new labor law of consensus, asked workers to stop the pressure tactics and begin holding a national dialogue on 15 May.

[Unidentified speaker] "The people have a right to express themselves freely and to disagree. We respect that. Second, there must be a constant effort to reach a consensus and a permanent dialogue. This effort will be painful and will require unselfishness. The worst thing we can do is deny an opportunity for dialogue. When we deny that opportunity, we look for guilty parties and are quick to use pressure tactics. The entire country and the cause of peaceful coexistence lose."

[Calderon] However, the workers who oppose the labor reforms emphasized that they will maintain their pressure tactics.

[Suntrac, Single National Union of Construction and Related, Workers, leader Saul Mendez; identified by caption] "We believe that if the United Nations and these universities are calling on that sector to hold talks, the first thing the government must do is withdraw the bill from the Assembly."

[Calderon] Meanwhile, the Panamanian Construction Board [Capac] also called for dialogue and explained that the strike threats significantly affect the national economy.

[Capac President Jose Jelensky; identified by caption] "First, the construction workers will be directly affected as they will stop receiving their salaries, which amount to approximately 1 million balboas per day, including economic benefits. Then the entire industry will be adversely affected by the climate of instability these strikes would prompt."

[Calderon] The project modifying the Labor Code remains at the Legislative Assembly, which will discuss it in the first debate of the current legislative period by allowing all sectors to explain their positions to reach a law of consensus.

PDC Demands Labor Code Reforms Be Withdrawn From Assembly

PA1005230895 Panama City Telemetro Television Network in Spanish 1730 GMT 10 May 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] The Christian Democratic Party [PDC] held a news conference this morning and announced that it disagrees with the labor code reform proposal presented by the Executive Branch to the Legislative Assembly, because it is inconsistent with what was discussed with the Labor Foundation.

[Begin PDC President Gabriel Cedeno recording] The PDC demands that the executive branch withdraw the reforms proposal from the assembly, where the PRD has a majority, and allow the corresponding labor and management representatives to reach, within an adequate timeframe, agreements that result from a consensus to prevent the country from being subjected to the current tensions. [end recording]

Meanwhile, Labor Ministry adviser Mauro Murillo said the reforms presented to the Legislative Branch can be modified provided they are subjected to an in-depth discussion between the interested parties.

[Begin Murillo recording] What is the basic problem? When we include the unemployment fund as a topic in the reform proposal, it affects approximately six or seven articles that have already been approved by consensus. However, this is not a major... [pauses] this does not affect... [pauses] these things can be corrected at the bargaining table, and they should cause no major problems, and yet, the workers represented by the unions feel somewhat betrayed. In fact, this should not be the case. Instead, things can be resolved, and there should be no dire consequences. The dialogue is still open. [end recording]

Workers Protest Labor Reforms at Legislative Assembly

PA1205030395 Panama City Circuito RPC Television in Spanish 2300 GMT 11 May 95

[Report by Lissette Condassin and Hugo Enrique Famania — live relay]

[FBIS Translated Text] [Condassin] Friends, we are here live at the Legislative Palace where a demonstrators are protesting reforms to the labor law. One group of workers has entered the parliament building, and another group, which includes a majority of the workers who participated in the march, remains outside the building shouting slogans against the labor law reforms. As has been stated by Legislative Assembly President Balbina

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Herrera and reiterated by Lorenzo Acosta, president of the labor commission in the Legislative Assembly, the workers will be given the floor so they can express their disagreement, if they so desire, because we live in a democracy and anyone who disagrees can do so with complete freedom. The workers are already in the parliamentary assembly hall, where Hugo Enrique Famania is standing by to give us the details of what is happening there. Go ahead, Hugo.

[Famania] Thank you, Lissette. You can see and hear what is happening here right now. The mood of the workers protesting the labor law reforms is quite heated. They have been here at the Legislative Assembly building since 1720.

Now we will talk to Mariano Mena, leader of the General Autonomous Central Organization of Panamanian Workers [CGTP]. Good afternoon, Mr. Mena. You decided to march with the workers after all. Why did you make that decision, considering that you participated in the Labor Foundation dialogue and in the preparation of the bill sent to this Assembly.

[Mena] We did not participate in preparing the document that was presented to the Assembly. This was a decision made by the executive branch on its own, and it presented the document. This document is not the product of a consensus or of a concerted effort. On the contrary, it is a violation of the Bambito Pact. That was why we decided to back the protest march and to demand that this document be withdrawn from the Legislative Assembly.

[Famania] How does this mesh with what will happen in the tripartite meeting on Monday? Will you participate?

[Mena] We have not relinquished the right to demand that this document be withdrawn. If we have to resort to that, we will do it.

[Famania] Thank you, Mr. Mena. Friends, that was Mariano Mena, CGTP secretary general. The CGTP announced today its decision to participate in this labor march that began at Plaza Porras. We now have Arnulfist Party Legislator Daniel Arias and Democratic Revolutionary Party [PRD] Legislator Oyden Ortega with us. How should the Assembly react to the workers' demands for the reform bill to be withdrawn from the Legislative Assembly?

[Arias] Look, we have presented, we are just now writing a resolution that we will present stating that the bill should be withdrawn from the Assembly and sent back to the negotiating table. Unforeseen situations could arise in this country if the PRD steamroller insists on getting this bill approved here. We hope the PRD bloc, the steamroller, will be reasonable and agree to have the bill be withdrawn so it can be discussed and agreed upon in accordance with the commitment reached in Bambito, which the workers say has not been kept.

[Famania] Will the PRD bloc respond to this request and ask that the bill be withdrawn? According to the opposition, the prevailing climate demands it?

[Ortega] I believe the demonstration held today expresses the workers' feelings. This does not, however, prevent the Assembly from promoting a frank and open debate among the labor sectors. I also believe that it would be very hasty to act in the way requested by the opposition. I believe that institutions such as the Legislative Assembly must promote dialogue, and it will not promote dialogue if it authorizes the withdrawal of a bill of this nature.

[Famania] Thank you, Legislators Ortega and Arias.

[Panama City RPC Television in Spanish broadcast a related two-minute report later in the same newscast which adds: "The Suntracs [(Single National Union of Construction and Related Workers] and Sitrachilco [Union of Chiriqui Land Co. Workers] workers, accompanied by other labor unions, began their march from the Plaza Porras at 1500 this afternoon. They arrived at the Legislative Assembly, held a small meeting, and announced that as an initial pressure measure, they would hold a 24-hour strike on 23 May beginning at 0700."]

GATT Negotiator Explains Tariff Stand

PA1205040295 Panama City LA PRENSA in Spanish 10 May 95 p 29A

[Report by Gisela Vergara S.]

[FBIS Translated Text] Carlos Ernesto Gonzalez Ramirez, general coordinator of the Technical Negotiating Unit for Panama's entry into GATT, reported that the country's platform at the negotiations is based on a 40 percent tax ceiling, which will drop to 30 percent over a period of five years.

Gonzalez Ramirez explained that Panama is negotiating with eight groups of nations which include the EU, the United States, Hong Kong, Canada, northern Europe, Costa Rica, Switzerland, and Japan.

"Some of these countries disapprove of our negotiating stand on a 40-percent tariff," he said, adding that "we have held our ground."

The United States, Panama's main trading partner, accepted the 40 percent mark and the drop to 30 percent over five years. He said that Panama explained to its

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counterpart that a tariff lower than 30 percent would have a negative impact on local industry.

"Contrary to other countries, Panama's tariff ceiling is, in fact, a tax reduction," as the average import protection is set at 47 percent.

He explained that the 40-percent ceiling, to be lowered to 30 percent, is a significant reduction. He cited the case of Honduras, which entered GATT negotiating a 35-percent ceiling when the internal mark is set at 20 percent, which means almost nothing to the Honduran economy.

He also said that agricultural negotiations with the United States yielded "satisfactory" results because they gave greater protection to local products while gaining access to markets that were previously unavailable.

Tariffs on chicken will fall from 320 percent to 260 percent; from 90 percent to 70 percent on pork; from 150 percent to 99 percent on rice; and from 150 percent to 90 percent on corn. All of these changes will occur over 10 years.

The agreement provides a 3-percent doorway into the market for chicken and rice, where there was no opening at all before. The 3 percent for the chicken market is for chicken pieces. Whole chicken and breast cuts, which were previously banned, will now pay the 40-percent ceiling tariff, which will shrink to 30 percent in five years. He affirmed that "this does create commercial openings."

According to the agreements reached with the United States during April, rice will see a significant import tax reduction over the next 10 years and a 3-percent market opening that will also increase over the same 10-year period.

According to Gonzalez Ramirez, "we are protecting a major part of the country's production while allowing some degree of competition, which will benefit the consumer."

Corn already has significant access, and the negotiations guarantee that access.

Gonzalez Ramirez asserted that Panama has concluded discussions on the service sector with the United States. In the areas of goods and services, negotiations are pending on vodka and beer and chemical standardization, which involves a tariff reduction agreement over time. The United States asked Panama to join the accord excluding some products made domestically.

"I think there will be more pressure regarding liquor," he commented.

Formal negotiations were already held with the European Community (EC) and will possibly conclude quickly in the area of goods because the U.S. proposal on tariffs was accepted.

The EU said it accepts this tariff proposal, which means that the negotiations will consist of granting a minimum degree of access to the market in the presence of a high tariff.

Regarding services, the official explained: Europe is pressuring us to open professional services. Although Panama has great difficulties in this sector, "we think we still have areas to negotiate."

An agreement was also reached with the Scandinavian countries on goods, and "we are expecting a response on services, which they will surely accept," the negotiator emphasized.

An agreement was also made with Japan on goods and services, but it is still subject to Tokyo's approval, "but we do not think there should be any problem."

Switzerland and Panama reached a preliminary agreement on goods, but according to the negotiator, Bern must still approve it. As for services, the parties are close to an agreement.

Canada is considered one of the toughest countries with which to negotiate. Nevertheless, Gonzalez Ramirez expressed his optimism about the upcoming closure of negotiations on goods.

New Zealand has made a request concerning milk, and this product, along with corn, pork, chicken, and rice, is one of the most sensitive for Panama. During the last negotiations it was reported that this country did not accept the tariff proposal.

Costa Rica, which requested negotiations with Panama, set a precedent at GATT by being the first developing country to hold negotiations with another developing country.

In addition, according to the negotiator, it is the first time that a country with a preferential trade system with another country has asked to hold negotiations at the time of the latter's entry into GATT.

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"Panama was surprised and took steps to get them to withdraw their request, but they refused to do so. Nevertheless, the country asked the Costa Ricans to hold negotiations on agricultural products and concessions regarding financial services, banking, and insurance," Gonzalez Ramirez noted.

Regarding the preparation of the protocol to join the World Trade Organization, he concluded that member countries are working on a more complex one, "which was a surprise for us."

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Argentina

Menem Closes Buenos Aires PJ Electoral Campaign

PY1105135695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0252 GMT 11 May 95

[FBIS Translated Excerpt] Buenos Aires, 10 May (NA) — President Carlos Menem confirmed tonight that, if reelected in the 14 May elections, "the currency will not be devalued." He noted: "The peso exchange rate against the dollar will remain unchanged."

Menem emphasized: "We are changing an unworthy reality, bequeathed to us in 1989, through a painful revolutionary process."

The president and running mate Carlos Ruckauf headed the closing rally of the Buenos Aires PJ [Justicialist Party] electoral campaign. He pledged that, if his party is reelected, "unemployment will be crushed."

The president pointed out: "This changing process has caused some troubles, but we will crush unemployment as we crushed inflation."

The Buenos Aires PJ closing rally was staged at Costa Salguero. Menem and Ruckauf delivered speeches from a rostrum.

Three huge screens, displaying the logo of the PJ throughout its electoral campaign, with the names of the candidates in blue and light blue, were also installed.

Around 10,000 Buenos Aires PJ people sat at tables of "the victory dinner," as the rally was called. [passage omitted]

Stresses Social Justice for Second Term

PY1205034295 Buenos Aires TELAM in Spanish 2046 GMT 11 May 95

[Report by TELAM reporter Martin Oivera]

[FBIS Translated Text] Buenos Aires, 10 May (TELAM) — President Carlos Menem has stated that the centerpiece of his second administration — if he wins the 14 May elections — will be to implement effective social justice, which will now be possible thanks to the process of economic transformation that was carried out during his first term of office.

The head of state said: "It is one thing to talk about social justice, and another very different one to make it become a reality. We have created the economic conditions to achieve a true and lasting social justice, because it is not based on demagogic promises but rather on concrete actions."

In an interview with the TELAM news agency the president stated that "economic transformation — this veritable productive revolution that we have staged, leaving behind an Argentina of 'impossibilities,' an Argentina of hyperinflation, an Argentina of speculators, to achieve this Argentina of growth, stability, and predictability — enables us to bring about social justice."

Menem recalled that "we received a country with a vacuum of power and authority, with a discredited currency, with no rules of the game, with the economy in a shambles, the productive structures half destroyed, half paralyzed, and with lootings that foreboded an unpredictable social situation."

"Given this situation, could one seriously have implemented real social justice?" he asked rhetorically, replying that "there was nothing to give out, and there was not even any hope left following decades of bad administration and demagogic irresponsibility."

"At that time, which thank God seems far away, the only thing we could hand out to youngsters were bus tickets so that they could board a plane at Ezeiza International Airport, and not even that, because the nation's coffers were so empty that we did not even have money to pay the bus fare," he added.

The president, who has no doubt whatsoever that he will carry the elections, pointed out that "we have always striven to attain social justice, which is at the very essence of Justicialist thinking, but as Machiavelli put it, 'politics is the art of the possible,' and in 1989 social justice was a utopia in Argentina."

Menem underscored that "bearing in mind the saying that goes 'all in good time and harmoniously,' we thought that the first thing we had to do was to lift ourselves from that nearly terminal crisis, to put an end to the increasingly downward path, and set into motion the country's productive infrastructure, inserting Argentina into today's world and discarding the various types of voluntarism that so much harm had done to us."

Within this framework the president considered "it to be absurd at this juncture in history to oppose as models the accumulation of capital and the distribution of wealth."

Menem pointed out that "those who believed that our goal was to privatize government-owned companies were totally wrong. These privatizations — together with the restructuring of the state — were a tool to achieve growth, development, and social justice."

He further stated: "In order that the state could get involved in the things that it must, namely medical care, education, justice, and security, the Treasury had to stop squandering money in deficit-ridden, inefficient,

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and corrupt public companies and undertake their privatization."

Elaborating on this idea, he said: "Now those companies that were bleeding us white are contributing to us, paying taxes and giving us funds that we can allocate to basic aspects so as to make social justice a reality."

He added: "If we are successful in the polls, a fact that is beyond question, we will implement the Five-Year Investment Plan, which contemplates investing $87 billion in infrastructure and public works to achieve development and create new jobs, in sum, to bring about social justice."

He reiterated that "this five-year plan, the only government project that was submitted during this election campaign, is a key instrument for an equitable distribution of wealth, and we will be able to carry it out because we have managed to accumulate wealth."

Menem said he was satisfied with what "the faith and effort of this wonderful people" had made possible, and acknowledged that there are pending debts "that could not be settled before because we did not have the means, but that will indeed be settled now with the five-year plan."

He added: "I could promise miracles in order to attract votes, as the opposition candidates do, but I am well aware that Argentines deserve to be told the truth, and that we behave honestly because they reward truthfulness and honesty. Nobody is any longer led up the garden path by the confidence tricksters of the moment."

The president underlined: "I have a clear conscience. I am aware that I may have made mistakes, like anybody else, but I know that I have always acted spurred on by a sole objective — to establish the bases that will allow the people to be happy."

In conclusion he said: "I know I have told the truth, and that what I am promising now can be achieved, and we will indeed achieve it. I do not believe that my rivals can at present say the same thing."

Main Presidential Candidates Close Electoral Campaigns

PY1205030295 Buenos Aires TELAM in Spanish 2357 GMT 11 May 95

[FBIS Translated Text] Buenos Aires, 11 May (TELAM) — The Justicialist Party, the clear favorite in the polls; Frepaso [Front for a Country in Solidarity], which clings to the hope of a runoff; and the Radical Civic Union [UCR], which has doubled its efforts not to give up any political space as the main opposition party, closed their electoral campaigns today for the 14 May elections.

Shortly before entering the period of silence [of 48 hours] prior to the first elections in the country under the new Constitution, Carlos Menem appeared on television to say he was sure of victory in the first round, and to set a date for starting the fight against unemployment.

"You know I do not lie. Inflation was defeated halfway through my term. We will defeat unemployment before the first half of my new term is over," the president said. Menem today headed a motorcade tour of the crowded Buenos Aires borough of Florencio Varela, in the company of Eduardo Duhalde.

On that occasion the Justicialist candidates reiterated their position against the split vote, which is supported by Frepaso in Buenos Aires Province as a way to increase its chances of forcing a runoff.

"Some people talk about scissors, but we and President Menem only use scissors during our regular opening ceremonies for new public works," Duhalde said.

Jose Octavio Bordon, in turn, concentrated the last leg of his offensive in the Federal Capital heading a motorcade that moved from the neighborhood of Liniers to the obelisk. His speech was full of optimism.

"We will end up six or seven points behind the Justicialist Party. This will ensure us a runoff, in which we will beat them," Bordon said.

Bordon also tried to instill confidence in groups of voters who are sensitive to any sudden economic change if Frepaso wins the elections.

Bordon said he can guarantee, "more than Menem, that people will be able to pay" the credits they contracted under the convertibility plan.

The Radical Party, meanwhile, encouraged by last night's successful rally in the Federal Capital, with the participation of the most important party figures, left a long and quick tour of provinces by its candidate Horacio Massaccesi for last.

The Rio Negro governor covered 5,000 km, visiting Neuquen, Mendoza, Jujuy, Corrientes, and Santa Fe. His strenuous final effort is an attempt to break the polarization that is forecast by the surveys, which put the century-old political party out of the finals.

During the last day of the campaign, Massaccesi left Mendoza encouraged by gubernatorial candidate Victor Fayad's confirmation of his support for the UCR. Fayad gave Massaccesi his firm support after "failing" to reach an agreement with Jose Bordon.

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Foreign Minister Di Tella Supports Menem Reelection

PY1105164595 Buenos Aires TELAM in Spanish 2238 GMT 10 May 95

[FBIS Translated Text] Buenos Aires, 10 May (TELAM) — Foreign Minister Guido Di Tella emphasized today that President Carlos Menem's re-election would strengthen Argentina's alliance with western hemisphere powers and enhance the diplomatic alternative for recovering the Malvinas Islands.

The minister told TELAM: "President Menem's reelection would strengthen Argentina's western-hemisphere membership and would enhance the diplomatic path toward a satisfactory solution to the problem of sovereignty over the Malvinas Islands."

Di Tella indicated that, as far as foreign policy is concerned, "the greatest benefit of reelection would involve the strengthening of Argentina's image abroad."

The minister noted that over the past few years, "we have earned the respect of the international community."

The foreign minister added: "Continuing our policies would strengthen our country's image of seriousness and responsibility."

Di Tella noted: "In 1989, President Menem pledged that Argentina would be among the world's 20 leading countries. We are not among the Group of 7 great countries, but we are among the group of 10 countries following them and we are playing an increasingly important role."

The foreign minister mentioned the Malvinas Islands issue as being one of the most difficult issues that remain unsolved.

Di Tella pointed out: "The islanders are now coming to visit us officially. They are not giving up their sovereignty, but this involves a very important change of attitude toward normalizing relations."

Di Tella said the protection of fishing resources in international waters "is another issue to be resolved during the next presidential term."

The foreign minister emphasized that the Argentine proposal, raised with EU representatives in Buenos Aires last week, "was well received." He confirmed his hope of "reaching agreement in the United Nations during the next few months."

The foreign minister said: "No one denies the need to protect fish species," but the current discussion focuses on "how, where, and when the required controls are to be implemented to protect this resource that is so needed for our economy and benefit."

FrePaSo Office in Congreso District Robbed

PY1105184395 Buenos Aires TELAM in Spanish 1548 GMT 11 May 95

[FBIS Translated Text] Buenos Aires, 11 May (TELAM) — FrePaSo [Front for a Country in Solidarity] leaders have reported that unidentified individuals entered a FrePaSo office in the Congreso District of Buenos Aires early this morning, stole a computer and a fax machine, and spread excrement on the floor.

FrePaSo leader Anibal Ibarra this morning emphasized: "This was the work of provocateurs who want to create an atmosphere of fear."

During a news conference at the FrePaSo office at 384 San Jose Street, Congreso District, the FrePaSo leader added: "We demand political respect."

Ibarra linked this morning's attack with the 8 May fire at the Buenos Aires FrePaSo electoral command office.

Explaining that he is not speculating, Ibarra believes "some people in the government are very concerned."

Ibarra commended Interior Minister Carlos Corach for admitting yesterday that the 8 May fire was arson.

FrePaSo sources told TELAM that the FrePaSo office at 384 San Jose Street was entered forcibly early this morning by a group of unidentified individuals via a skylight. They messed up papers, overturned cabinets, and stole a computer and a fax machine.

FrePaSo sources added that these unidentified individuals also spread excrement on the 3d floor of the building before escaping by breaking a shutter.

Deposit Guarantee Law Published

95SM0294A Buenos Aires LA NACION in Spanish 6 Apr 95 p 10

[FBIS Translated Text] The following is the text of the law, which the Senate passed last night, creating the Deposit Guarantee System.

Article 1. The Deposit Guarantee System is hereby created. It shall be limited, obligatory, and onerous, and its purpose shall be to underwrite the risks of bank deposits in a manner subsidiary and complementary to the system of deposit preferences and protection established by the Law of Financial Entities, without committing the resources either of the Central Bank of the Argentine Republic or of the National Treasury. The Central Bank of the Argentine Republic is hereby empowered to organize and implement the system created by this article.

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Article 2. The following modifications are hereby introduced into the Organic Charter of the Central Bank of the Argentine Republic, which was approved by Law 24,144.

1. The following text is hereby added as the final paragraph of subsection c) of Article 17:

"When it becomes necessary to provide the financial system sufficient liquidity or when general and special circumstances so advise in the judgment of an absolute majority of the board, the time periods and ceilings per institution provided for in Subsection b) above and in the first paragraph of this subsection may be exceeded, though under no circumstances may the freely available reserves covering the monetary base be committed for this purpose. Whenever such special financing is furnished, besides the guarantees that shall be established with the institution's assets, the partners shall pledge as security, at the very least, the controlling capital stock of the institution and shall consent to the potential subsequent application of the procedure provided for in Article 35 bis of the Law of Financial Entities. Official banks may be exempted from this requirement."

2. Subsection d) of Article 17 is hereby modified to read as follows:

"d) Those derived from international payment agreements, and the taking out of loans from multilateral agencies or foreign official agencies, central banks, or entities from which only the bank may borrow, on its own or chargeable to the National Treasury as the Financial Agent of the Republic, though under no circumstances may it commit the freely available reserves that cover the monetary base."

3. The following text is hereby added as Subsection e) of Article 17:

"e) To assign, transfer, or sell the loans that it may have acquired from the financial entities beset by liquidity problems."

4. The following text is hereby incorporated as Subsection b) of Article 18:

"b) To place whatever Trust Funds the National Executive Branch may establish or whatever financial entities it may so authorize, in charge of managing and transferring financial assets and liabilities."

5. The following text is hereby incorporated as Subsection g) of Article 18:

"g) To establish financial policies geared toward small and mid-sized companies and the regional economies, by means of differential reserve requirements."

6. The second paragraph of Article 21 is hereby amended to read as follows:

"The bank shall not pay any interest on the amounts deposited in the account of the national government, except on the deposits that it makes by order and for the account of the latter in national or international financial entities, nor shall it receive remuneration for any payments it may make on its behalf; however, it may charge them [as published] for any payments that it in turn has made to the financial entities."

7. Article 49 is hereby amended to read as follows:

"The superintendent shall, with prior authorization from the president of the bank, order the temporary suspension, either partial or total, of the operations of one or several financial entities for a period not to exceed thirty (30) days. The board must be notified subsequently of such action.

"If at the expiration of the suspension period the superintendent proposes an extension, it may be authorized only by the board and may not exceed ninety (90) days. In such case the superintendent may reasonably extend the maximum period established in Article 34, Paragraph 2 of Law 21,526.

"During the suspension period precautionary measures may not be set in motion nor may acts of compulsory execution be taken against the entity. In addition, during the period any commitments that increase the liabilities of the entities shall be null and void and enforceability shall be suspended, as shall interest payments, with the exception of the interest on debts to the bank. The temporary suspension of operations shall under no circumstances give creditors the right to sue the bank or the national state for damages.

"The superintendent may ask the board to revoke a financial entity's operating authorization. In such case the board must evaluate the request within a period not to exceed fifteen (15) calendar days as of the time of the request. This period may be extended only once for another fifteen (15) calendar days."

Article 3. The following modifications are hereby introduced into the Law of Financial Entities:

1. The second paragraph of Article 15 is hereby amended to read as follows:

"The Central Bank shall consider the timing and appropriateness of such modifications and is empowered to deny their approval, as well as to revoke the authorizations granted should fundamental changes have come about in the basic conditions that were borne in mind in granting them."

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2. The following chapter is hereby incorporated as Chapter IV of Title III of the Law of Financial Entities:

Chapter IV

Reorganization of the Entity To Safeguard Claims and Bank Deposits

"Article 35 bis: When in the exclusive judgment of the Central Bank of the Argentine Republic, as approved by an absolute majority of its board, a financial entity finds itself in any of the situations provided for in Article 44, the Central Bank may authorize its reorganization to protect depositors, prior to considering revocation of its authorization to operate. To this end, it may make any of the following decisions or a combination thereof:

"1. Reduction, increase, and transfer of the capital stock.

"a) Order the entity to enter losses into its accounts against the partial or total allowance for assets whose collectibility, realization, or liquidity may so require, in the sole judgment of the Central Bank, and the reduction of its capital and/or allocation of reserves against them;

"b) To give the entity a deadline for increasing its capital stock and reserves so as to fulfill the requirements established in the applicable regulations; such an increase must be subscribed and paid in before the deadline. The shareholders who subscribe said increase or who contribute fresh capital must be authorized in accordance with the provisions of Article 15.

"The Central Bank shall set the deadline in the case of Subsection a) and this subsection, bearing in mind the minimum legal time periods for the legal representative, the administrative body, and the assembly to draw up the corporate documents that are necessary for implementation;

"c) To revoke the approval under which all or some shareholders of a financial entity may continue as such, setting a time period for the transfer of their shares that may not be less than ten (10) days;

"d) To sell or have sold the capital of a financial entity and the subscription right to an increase in capital. For this purpose, the entity and the partners shall give their consent and deposit the certificates representing their shares, if this has not happened theretofore."

II. Exclusion of Assets and Liabilities and Transfer to Other Financial Entities

"a) To order the exclusion of the assets of its choice, appraised in accordance with the accounting standards applicable to the balance sheets of financial entities, in an amount equivalent to that of the different liability categories mentioned in Subsection b);

"b) To exclude from liabilities the deposits defined in Subsections d) and e) of Article 49, as well as, if appropriate, the credits of the Central Bank of the Argentine Republic defined in Article 53, honoring the order of priority of these creditors;

"c) To authorize and assign the transfer of the assets and liabilities excluded in accordance with Subsections a) and b), maintaining equivalence between them in each instance;

"d) To grant the facilities provided for in the last paragraph of Article 34, and to approve proposals designed to restore liquidity by synchronizing the maturities of assets and liabilities."

III. Judicial Intervention

"To ask the commercial-code judge to appoint a judicial auditor (with or without the removal of the statutory administrative authorities) whenever necessary to implement the solutions provided for in this article and when, in the sole judgment of the Central Bank of the Argentine Republic, the prerequisites set forth in Article 44 are present. The judge must appoint as auditor the person whom the Central Bank of the Argentine Republic nominates and shall order the audit with the powers that the former requests, which may not exceed those of the administrative or government bodies, as appropriate."

IV. Liability

"In the cases provided for in this article the provisions of Article 49, Paragraph 2 in fine of the Organic Charter of the Central Bank of the Argentine Republic shall apply to it, to the trust funds referred to in Article 18, Subsection b) of the Organic Charter, and to any third parties that may have committed the acts in question, save in cases of fraud. The lack of legal standing applies to creditors, partners, administrators, and the entity itself alike."

3. Subsection 5) of Article 41 is hereby amended to read as follows:

"5) Temporary or permanent disqualification from serving as sponsors, founders, directors, administrators, members of the oversight councils, referees in bankruptcy, receivers, managers, auditors, partners, or shareholders in the entities included under this law."

4. The following is hereby added as the second paragraph in Article 45:

"When liquidation has been directly requested by the entity, prior to any formalities the judge shall notify the Central Bank so that it may intervene as appropriate under this law."

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5. The third paragraph of Article 45 is hereby amended to read as follows:

"Should the legal or statutory authorities of the entity so request of the judge and should he deem that there are sufficient guarantees, with the prior consent of the Central Bank he may authorize such authorities to administer the procedure for the suspension of its activities as regulated by this law or for the liquidation of the entity. At any point in the process of self-liquidation of the activity or the juristic person, the judge may order the process to continue through judicial channels if the prerequisites in corporate or bankruptcy legislation for making such a decision are present."

6. Paragraph One of Article 48 is hereby amended to read as follows:

"The receiver must be appointed by the appropriate judge in accordance with the provisions of the Bankruptcy Law for referees. In the event that the entity is declared bankrupt, the designated receiver shall continue to serve as a referee in bankruptcy."

7. Subsection b) of Article 49 is hereby replaced with the following:

"b) The resolution ordering receivership shall have the same publicity as established in the Bankruptcy Law for the declaration of bankruptcy, and the publicity and procedures for asserting and substantiating the claims that constitute liabilities shall also be similarly applied. Payments to creditors must be made with the prior consent of the intervening judge in accordance with Subsection g), and the provisions of the Bankruptcy Law shall also be similarly applied for the liquidation of assets and the plan for distribution and payment to creditors."

8. Subsections d) and c) of Article 49 are hereby amended to read as follows:

"d) Depositors shall have a special, exclusive, and exclusionary claim to the total aggregate funds, without distinction as to type of deposit, that the liquidated entity has on deposit in the form of a minimum cash reserve, for the payment in full of their claims in accordance with the following priority:

"—Up to 5,000 pesos per person, or their equivalent in foreign currency; one person per deposit shall enjoy this special claim.

"—Against the remainder of the reserve requirement, all of the time deposits longer than 90 days.

"—Against the balance of the reserve requirement, the remainder of the deposits pro rata.

"In ordering the operating authorization revoked in accordance with Article 44, or during the period of temporary suspension, the Central Bank of the Argentine Republic may order that payment be made to the depositors who enjoy the claims provided for in this subsection.

"c) Depositors shall have general and absolute preference in collecting their credit balances above all others, with the exception of the claims with special collateral and mortgage preference.

"In ordering the operating authorization revoked in accordance with Article 44, or during the period of temporary suspension, the Central Bank of the Argentine Republic may order that payment be made to the depositors with the claims provided for in this article proportionately from the liquid funds that the entity may have, once the provisions of the previous subsection have been complied with."

9. The fourth paragraph of Article 50 is hereby replaced with the following one:

"Once the entity is in receivership, the receiver must immediately request a declaration of bankruptcy if he himself observes a suspension of payments or by virtue of bankruptcy requests formulated by third parties. The judge must likewise proceed if he observes the preconditions for bankruptcy. The request and the declaration shall be pending for five days, after notification of the debtor."

10. Article 51 is hereby amended to read as follows:

"Article 51. Once the intervening judge has declared bankruptcy, it shall be subject to the provisions of this law and the Bankruptcy Law, except with regard to the following provisions:

"a) Neither the acts undertaken or authorized by the Central Bank pursuant to the prerequisites provided for in existing law until the passage of Law 24,144, nor the acts undertaken or authorized to be undertaken by entities or third parties in accordance with the provisions of Article 35 bis of this law and Article 17, Subsections b), c), and e) of the Organic Charter of the Central Bank, nor the claims of the Central Bank with the absolute preference of Article 53, nor their guarantees shall be deemed ineffective or capable of revocation;

"b) Under no circumstances shall the regulations pertaining to the continued operation of the business be applicable;

"c) The provisions of Subsections d) and e) of Article 49 shall be equally applicable in the event of bankruptcy."

11. Article 53 is hereby amended to read as follows:

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"Article 53. The funds assigned and the credits granted by virtue of rediscounts, advances, payments made under reciprocal credit agreements, or any other arrangement shall be paid in full to the Central Bank with absolute priority over all other claims, with the following exceptions:

"a) The claims of the depositors, in accordance with the provisions of Article 49, Subsections d) and e);

"b) The claims with special preference by reason of mortgage, collateral, or the guarantees granted in accordance with the provisions of Article 17, Subsections b) and e) of the Organic Charter of the Central Bank, in the extension of its respective regulations.

"c) The preferential claims arising from the labor relations included in Article 268 of Law 21,297 (amended 1976). Interest earned on the aforementioned claims shall enjoy the same preference until it is paid in full."

12. The following paragraphs are hereby added to Article 62:

"In the cases provided for in Article 44, Subsection c), the savings and loan associations and the commercial banks that have the legal status of cooperatives or civil associations may become corporations or may create a corporation to which to transfer goodwill so as to pursue financial activities, with the approval of the Central Bank of the Argentine Republic.

"Regardless of the type of organization, under none of the conditions provided for in Article 35 bis may partners or shareholders exercise the right of adjournment, and the provisions of Articles 78, 245, and ccs. of the Law of Commercial Associations shall be inapplicable."

Article 4. The executive branch is hereby authorized to make the financial investments provided for in Decree 445 of 28 March 1995 for the purpose set forth therein.

Article 5. The executive branch is hereby charged with drafting an amended Organic Charter of the Central Bank of the Argentine Republic and an amended Law of Financial Entities that incorporate the provisions of Article 7 of Law 24,144.

Article 6. Articles 26, 27, 28, and 29 of Decree 290/95, issued on 27 February 1995, are hereby repealed.

Article 7. A joint committee is hereby established in the National Congress to monitor the Trust Fund for Provincial Development (Decree 286/95) and the Bank Capitalization Trust Fund (Decree 445/95), and Article 8 of Law 24,145. It must be constituted within 30 calendar days from the date on which this law is passed.

1. The committee shall consist of five (5) senators and five (5) deputies, who shall be elected by their respective chambers, which shall decide the committee's internal structure. The makeup of the committee shall reflect the current pluralistic makeup of both chambers.

2. The mission of the committee shall be to monitor the measures to be implemented in accordance with Decrees 286/95 and 445/95 and Law 24,145, as a result of which the National Executive Branch must report on the resolutions to be adopted by virtue of the aforementioned legal instruments.

3. To fulfill its mission the committee may request information from any of the entities cited in the provisions of the aforementioned decrees.

4. The joint committee may request information from the executive branch, make whatever observations, proposals, and recommendations it deems pertinent, and issue reports regarding the matters of which it is in charge. The auditing agencies of the state must immediately and obligatorily make available whatever informational cooperation and organizational infrastructure the committee may require to fulfill its mission. Likewise, the Central Bank of the Argentine Republic, the Bank of the Argentine Nation, and the Ministry of Economy and Public Works and Services of the Nation must also lend their support.

5. All of the reports that the committee requests or obtains are subject to bank secrecy as provided for in Articles 39 and 40 of the Law of Financial Entities.

6. With a view to achieving its ends, the joint committee is empowered to issue its own operating regulations.

Article 8. This law shall become effective on the date of its publication in the OFFICIAL GAZETTE.

Article 9. To be communicated to the Executive Branch.

Brazil

Chilean Economy Minister on Joining Mercosur

PY1105125295 Sao Paulo AGENCIA ESTADO in Portuguese 2306 GMT 10 May 95

[Report by Denise Neumann]

[FBIS Translated Text] Sao Paulo, 10 May (AE) — Chilean Economy, Development, and Reconstruction Minister Alvaro Garcia today said that Chile wants to hasten the negotiations to join the Mercosur [Common Market of the South] as a special partner. While visiting Brazil, he explained that one of the objectives of his visit is to increase relations between the Chilean and Brazilian private sectors. According to Garcia, Chilean businessmen are willing to participate in the easing of the telecommunications and electricity monopolies. "This

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willingness depends on the constitutional amendments," he said, adding that the Chilean businessmen already participated in the privatization of these industries in other Latin American countries like Argentina, Peru, and Ecuador. Garcia has come to Brazil accompanied by a delegation of Chilean businessmen.

During a luncheon at the Sao Paulo State Federation of Industries, FIESP, Garcia heard FIESP President Carlos Eduardo Moreira Ferreira say that the Brazilian businessmen consider Chile's absence from the Mercosur "regrettable." In response, Garcia said that Chile's position has always been to participate only through free trade zones. Chile is one of the countries with greatest economic opening. Its highest import tariff is 11 percent, while the Common External Tariff, CET, agreed upon by the four Mercosur member countries is 20 percent, and it admits exceptions.

Garcia made comparisons between the Chilean economic plan and the Real Plan, which is still underway. He recalled that Chile is currently going through a great development phase; that the annual inflation rate is estimated to be 7.5 percent; and that exports, after increasing 10 percent last year, should increase by 20 percent this year. Chilean exports increased by 50 percent during the first three months of the year in comparison with the same period last year.

As he compared the Real Plan with the Chilean economic plan, Garcia said that the two experiences are similar in their goals of streamlining the fiscal deficit in order to encourage private investments in a field formerly reserved for the public sector and in the exchange policy, which also operates on a band system. Chile, he said, is investing $1 billion annually in infrastructure. The government intends to double this figure mainly with the participation of private enterprises. Meanwhile, he said, the government is currently responsible for 80 percent of this figure. Of the new infrastructure projects, the most important one is the ports, an area in which investments, according to Garcia, will be made by private initiative.

The Chilean minister said that a great challenge of the stabilization in his country was to reduce the poverty level. According to him, in 1987, 5 million people, of a total population of 13 million, existed at the poverty level. That was equivalent to 40 percent of the entire population. That figure has been reduced to 30 percent at present, he said.

Daily Calls For Reformulation, New Tender for Sivam

PY1105173595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 May 95 Section 1 p 2

[Editorial: "ESCA and Sivam"]

[FBIS Translated Text] The federal government's lack of a firm attitude in light of accumulated criticism, accusations, information and counter-information on the Sivam [Amazon Region Surveillance System] project is causing concern.

Brazil has a tradition of large projects that produce huge financial and technical liabilities (like the nuclear power plants), as well as a proven history of corruption and degeneration of public institutions.

It is appropriate to recall the project cost is $1.4 billion. The region is the Amazon region itself, which has been the target of international campaigns and which has witnessed controversies in various fields, among them environment conservation; debates on biotechnology and the patent law; the apparently less sophisticated interest of lumber and mining industries; and the production and trafficking of drugs.

The strategic, geopolitical, economic, and technological importance of the Amazon region seems to have spawned megalomaniac projects. In the final analysis, Brazilians have stamped in their memory the association between big undertakings and things like the Trans-Amazon highway, the Madeira-Mamore railway, Fordlandia, and the Jari project.

In an article published today in FOLHA DE SAO PAULO, physicist Rogerio Cezar de Cerqueira Leite adds a new element to the debate, an element that makes the subject even more complex. This specialist believes the project could — we know it should — be implemented by Brazilian enterprises, if necessary in consortia with foreign companies. In other words, Cerqueira Leite would like the current break in the project — which was caused by the charges of fiscal irregularities pressed against ESCA [Automation and Control Systems Engineering], that were confirmed — to be used to rethink and reconsider the project.

Whatever the case, this project must be implemented in an atmosphere of more transparency and competition, if necessary even annulling everything that has been done so far, to open a new tender to everyone without discrimination of origin.

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Electric Sector Attracts Investors

Analysts Assess Value

95SM0313A Sao Paulo GAZETA MERCANTIL in Portuguese 17 Apr 95 p C3

[Article by Getulio Bittencourt: "Electric Industry Attracts Investors"]

[FBIS Translated Text] New York—The possible privatization of the Brazilian electric sector is continuing to attract foreign attention. The sector as a whole and companies individually are being studied in reports distributed internationally by Stephen Rose and Partners, Baring Securities, Bear Stearns, the Santander Investment Bank, S.G. Wartburg, Smith New Court, and the Itamarati Bank.

The growth of the electric sector has exceeded that of Brazil's gross domestic product by 14 percent over the past five years, says Paola Castellini, an analyst at Baring Securities. Over the next five years, she expects the sector to grow by an average of 4.5 percent, or 0.7 percent faster than the average rise in GDP. The privatization program will be stimulated by investment needs, and profits will probably increase thanks to the restructuring now underway in the sector.

Santa Catarina Electric Power Plants, Inc., (Celesc), is the subject of a "buy" recommendation by Baring at a price of $684 per lot of 1,000 shares with projected net profits of $30 million in 1995 and $50 million in 1996. The state offers a number of comparative advantages: It is the country's sixth-largest economy in only 1.13 percent of the territory.

But electricity consumers are scattered, which is a situation that translates into high transmission costs. On the other hand, Celesc sold 3 percent of the country's energy in 1993. Its debt level is relatively low, especially in comparison with the sector as a whole, and its prospects for growth are good.

The Pernambuco Power Company (Celpe), which is not yet listed on the stock exchange, is considered attractive by Baring at a price of $4.60 per lot of 1,000 shares, with projected profits of $24 million in 1995 and $48 million in 1996. The amount of debt per share is low at 10 percent. The biggest problem is collection from its customers, especially state-owned firms.

An initial stock offering by Celpe, now owned by Pernambuco State, is planned for this year. Privatization under the socialist administration of Miguel Arraes is considered improbable. The company's margins are high because of its low percentage of industrial customers (32 percent) and the fact that it is not obliged to purchase Itaipu's more expensive electricity.

Mato Grosso Power Plants, Inc., (Cemat), is the subject of an "avoid" recommendation by Baring at a price of $4.80 per lot of 1,000 and projected losses of $50 million in 1995 and $14 million in 1996. The center-west region has been growing faster than the national average, but population density and per capita electricity consumption are very low.

Cemat's concession area in Mato Grosso is vast, but its sales constitute less than 1 percent of the nation's consumption. Margins are low because of the distance between power plants and consumers and the low rate of payment by customers.

The Minas Gerais Power Company (Cemig) is the subject of a "buy" recommendation by Stephen Rose and Partners at a price of $45.095 per lot of 1,000 shares and projected net profits of $9.404 per lot of 1,000 in 1995. Together with Copel [Parana Power Company] in Parana, it is considered the sector's best managed company.

Cemig will not have to adapt to the new rules because it is already building new power plants in partnership with the private sector, say Matheus Tarzia and Laurie Higgitt, analysts at Stephen Rose and Partners. It is an integrated producer because it generates, transmits, and distributes power.

Baring also recommends buying Cemig at a price of $83.10 per lot of 1,000 shares with projected net profits of $95 million in 1995 and $300 million in 1996. Privatization is considered improbable. But Paola Castellini feels that Cemig's market has above-average growth prospects despite low density and the high percentage of industrial customers.

The Santander Investment Bank recommends buying shares in Cemig at a price of $58.91 per lot of 1,000 with projected net profits of $246 million in 1995 and $265 million in 1996. The higher rates, lower costs, and lower price per share since last year's peak are said to make Cemig attractive.

S.G. Wartburg also recommends buying ADR's (American Depositary Receipts) from Cemig at a price of $19, with preliminary projected net profits of $232 million in 1995 and $264 million in 1996.

Cemig put forth its best performance of the decade last year, according to Rosana Aldworth and Dana Voelske, analysts at S.G. Wartburg. The real's higher value in terms of the dollar in 1994 reduced the cost of the company's foreign debt, and the firm also saved $20 million on the price of the power it buys from Itaipu.

Bear Stearns began its coverage of Cemig with a neutral recommendation at a price of $20.43 per ADR,

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with projected net profits of $200 million in 1995 and $240 million in 1996. The firm's volume of residential customers should increase over the next two years, but its industrial customers, who are the majority, are not investing in increased capacity.

Cemig has already requested a 10-percent rate increase to take effect in June, but Lika Takahashi, the analyst at Bear Stearns, considers government approval improbable because decisions are based on power company costs, and Cemig's biggest cost—the power it buys from Itaipu—is declining. Electric companies in Chile and Argentina offer less risk and a bigger return per share than Brazilian firms do at the moment. The Rio de Janeiro State Power Company (CERJ) is the subject of a "hold" recommendation by Baring at a price of $0.17 per lot of 1,000 shares, with a projected loss of $24 million in 1995 and a net profit of $18 million in 1996. The potential profit could reach $30 million in the best possible scenario.

The CERJ's operating indicators are mediocre despite the high concentration of consumers. Working capital has been a constant problem. Late payments are now common among 25 percent of the customer base, and illegal hookups represent an estimated 20 percent of the total. The outlook for privatization is what Baring considers most encouraging.

The Sao Paulo Power Company (CESP) is the subject of a "sell" recommendation by the Itamarati Bank. The firm is about $2 billion behind in payments on its total debt of $6 billion. Another $810 million in bank debt is falling due in 1995, and the firm now owes Itaipu a total of $470 million.

Participation by the private sector in projects for building power plants may alleviate the CESP's financial situation somewhat, according to analysts Sergio Noboru Missima and Sidney Chameh of the Itamarati Bank. But even so, the firm, which had been projected to show a net profit of $110 million in 1995, may end the year with a loss if its rates are not increased.

Stephen Rose and Partners is also recommending that people sell their CESP shares at $24.802 per lot of 1,000 shares, in light of a projected loss of $85.9 million in 1995. The CESP and Eletrobras [Brazilian Electric Power Company, Inc.] are the firms expected to change the most under the new rules, but they also present the greatest risk. The power plants under construction by the Sao Paulo firm are said to be overvalued.

Baring recommends buying CESP at a price of $37.20 per lot of 1,000 shares, believing that a loss of $250 million in 1995 will be followed by a net profit of $72 million in 1996. Because of Sao Paulo State's financial difficulties, privatization of the firm is a possibility that is being considered.

But the British brokerage firm believes that the state government will first try to attract private capital with which to complete projects now underway. Only after that is it expected to try to sell the company. The price of the company's paper is considered cheap, and under the new management "there is a lot of room for improvement."

The Parana Power Company (Copel) is the subject of a "buy for the long term" recommendation by Stephen Rose and Partners at a price of $4.622 per lot of 1,000 shares, with a projected net profit of $84.4 million in 1995. The reasons are the same as those cited in the case of Cemig: It is a well-managed firm, and it operates in partnership with the private sector.

Baring recommends selling Copel at a price of $8.50 per lot of 1,000 shares and projects net profits of $45 million in 1995 and $115 million in 1996. The firm's operating performance and low costs are emphasized by the British brokerage firm, which feels, however, that those positive factors are not reflected in the price.

The Sao Paulo Power and Light Company (CPEL) is the subject of a "hold" recommendation by the Santander Investment Bank at a price of $47.80 per lot of 1,000 shares with projected net profits of $48 million in 1995 and $77 million in 1996. The firm got out of the red in a magnificent manner last year, and it is to be restructured and broken up to facilitate privatization over the next two or three years.

Baring also recommends holding the CPEL at a price of $74.90 per lot of 1,000 shares, a recommendation it stuck to when the price fell to $45.53, with projected net profits of $35 million in 1995 and $115 million in 1996. The company's privatization is expected in the medium term, given Sao Paulo State's need for money.

Wary of Concessions Law

95SM0313B Sao Paulo GAZETA MERCANTIL in Portuguese 12 Apr 95 p A3

[Article by Vera Saavedra Durao and Claudia Safatle: "Unsuccessful Deals at BNDES"]

[FBIS Translated Text] Rio de Janeiro—The expectation of good projects for electricity generation in partnerships between the state and the private sector is being frustrated because of the chaotic rules adopted for the sector. This year the BNDES [National Bank for Economic and Social Development] is working toward the goal of paying out $300 million for private investments, with priority going to unfinished power plants and new

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investments in hydroelectric plants. The bank based its allocation of those funds on a risk scenario predicting that there will be power deficits beginning in 1997-98 if an additional 6,600 megawatts are not installed over the next four years (1995 to 1998) in the south and southeast regions because the country is growing by about 6 percent per year.

Despite government backing, the BNDES has so far received loan applications for only two self-generation plants. In the case of the unfinished plants, the only negotiation underway is concerned with funding for completion of the Serra de Mesa structure: a hydroelectric plant producing 1,300 megawatts on the Tocantins River, the contract for which was awarded to the National Power Company (National Bank) and Energisa (of Cataguases-Leopoldina). Another unfinished power plant in which private interests are involved is Ita, a hydroelectric plant on the Uruguai River for which the bidding process, sponsored by Eletrosul [Southern Electric Power Plants], was halted by the Office of the Public Prosecutor. But the National Steel Company (CSN), which heads the winning consortium of private firms, is appealing that decision.

Amendments

In the view of one government expert, only transparency in the "rules of the game" for the electric sector will be able to attract new investors and prevent the country from winding up "in the dark." To avoid such a situation, an important component of the regulatory framework for the sector—the Concessions Law—was recently passed by Congress. Congressmen are to debate the matter again tomorrow. The subject this time is the fate of 103 amendments to MP [Provisional Measure] 937, which will regulate implementation of the Concessions Law. In the opinion of experts in the electric sector, the number of amendments to that MP "is amazing" because there are more than two amendments for each of its 24 articles. "That alone is scaring investors away."

Another factor contributing to resistance on the part of investors, chiefly foreigners, to the idea of forming partnerships with the state to build power plants is the decision by the president of the republic, Fernando Henrique Cardoso, to keep the old concessions as they are and extend them for another 20 years, thus overturning articles 42 and 43 of the Concessions Law. "The effect is to keep the country divided up for another 20 years as far as the distribution of electricity is concerned," said a reliable source in the government area.

Article 28 of the Concessions Law has also helped create "distrust" among investors interested in partnerships in the electric sector. That article, in its single paragraph, states that holders of concessions may provide "emergent rights" (future revenues) as security for loan contracts with private financial institutions (they cannot sign over assets). It is pointed out, however, that in the case of government financial institutions, "other security must be sought." What that signals to a private investor is that by not accepting future revenues as security, the government institutions are indicating that they do not believe in the possibility of profitable rates. In several instances, that feeling has already resulted in the withdrawal of investments in unfinished power plants.

In the opinion of the BNDES, that completely fickle institutional framework must be stabilized and made clear and transparent not only to society, which will be using and paying for the electricity, but also to investors so that they can be guaranteed a return on their investment. At present, besides Light [Power Services, Inc.] and Escelsa [Espirito Santo Power Plants, Inc.], both of which are in the process of privatization, there are at least half a dozen unfinished power plants with great potential, but no one is interested in forming a partnership with the state to complete them. In Sao Paulo alone, for example, three such plants are at a standstill. The Porto Primavera plant, with 1,800 megawatts of power, has been under construction for 14 years but is not finished and has no definite funding. A lot of what is needed to complete it is still lacking, one example being all the power generation equipment. Investments in that power plant have already totaled $3 billion, and another $1.8 billion is needed.

Investments to date in the Canoas I plant (80 megawatts) total $157 million, and another $180 million is needed. In the case of Canoas II (72 megawatts), $260 million has been invested to date, and another $160 million is needed. Also at a standstill is the Manso plant (210 megawatts) in Mato Grosso, which has been budgeted at $380 million, $240 million of which has not yet been found. The Miranda plant is being slowly worked on by Cemig. And contrary to expectations, Xingo is also unfinished. Other power plants such as Rosana, Tres Irmaos, and Itacurucu in Sao Paulo have been completed, and Cemig's Nova Ponte plant in Minas Gerais is in the process of being completed. The Igarapava plant, also owned by Cemig, is being built in partnership with a private consortium headed by the Votorantim group. It will have a capacity of 210 megawatts, and the private sector expects to invest $250 million in its completion.

Bottlenecks

"Marginal privatization," as the partnership investments in unfinished power plants are called, may be successful, but there are several bottlenecks making life difficult

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for the new partners. One is the fact that the former contractors have not relinquished their contracts as suppliers. The new partner can change contracts only if the contractor agrees. "These things have to be resolved because otherwise the regulatory framework for the electric sector is going to be completed in the dark, by candlelight, when rationing comes," experts at the Ministry of Planning warn.

First Measures

Brasilia—Minister of Planning and Budget Jose Serra announced yesterday that the Ministry of Mines and Energy is selecting the first 10 concessions in the area of electricity that the government is to focus on with a view to implementing the concession process by the end of this year. In addition to those 10, another 17 companies (13 petrochemical firms, two electric companies, the Federal Railroad Network, and one bank) will be sold between June and December of this year.

The government expects to raise about $4 billion from those sales, not including privatization of the Federal Railroad Network, which will be handled under different rules.

Serra responded to critics of the government's privatization program who consider the process too slow. "There is no slowness or delay in Brazil's privatization program. Privatization has a rhythm of its own: It must be transparent and implemented smoothly. More than that, the very appearance of the process must also be correct." He recalled that the petrochemical companies whose sale was delayed until this year had been undervalued.

"Privatizing is different from lowering or raising interest rates. It is different from waiving or not waiving monetary correction. It is not done with the stroke of a pen," the minister emphasized. In Argentina, the state-owned firms that were privatized accounted for 4 percent of the GDP value of the public sector's consolidated deficit. Here, all the state-owned firms combined account for only 0.5 percent of the operating deficit, and the privatization program is moving forward at a "very good" pace.

Colombia

Prosecutor's Office Investigates Banks

95CA0225A Santa Fe de Bogota EL TIEMPO in Spanish 4 May 95 p 3A

[FBIS Translated Text] The checks for 5 million pesos issued to Eduardo Mestre under the heading of "monthly payments," which prompted the Prosecutor General's Office to issue an arrest warrant for the ex-senator, without benefit of release, are not even a fraction of the network of bank accounts and checks for millions of pesos that the authorities are beginning to untangle.

Although there has not been any conclusive evidence thus far to link the millions drawn by the drug traffic with the elections, the fact is that documents in the state's possession prove that the transactions coincide with the last congressional election period and the first and second rounds of voting to elect the president.

Through four accounts opened in the names of business firms that appear to be "fronts," according to the investigations, sums totaling nearly 13.8 billion pesos were drawn between March and June 1994.

All four accounts were opened at the Banco de Colombia's main branch in Cali, during the last days of February (only one was opened in December 1993). They were closed in early August of the same year.

Two of them, established in the name of Exportcafe Ltd. (number 024804-0) and La Estrella Agricultural-Livestock Marketing, Ltd. (number 024864-2) issued checks totaling 4.933 billion pesos during the month of June alone.

10 Checks in April

Ten checks (numbered from 3213788 to 3213797), totaling 2 billion pesos, were drawn on another one of the four accounts, opened in the firm name of El Diamante Agricultural Products Distributor, within just three days at the beginning of April.

At this point, the second phase of what some investigators believe could be the drug traffic's tactic begins to emerge. The checks were deposited in different accounts in other banks. Most of them were opened in late March or early April 1994.

The persons to whom the checks were issued have, without exception, extraordinarily common names: Pedro Garcia (200 million), Carlos Perez (220), Jose Alvarez (250), Jorge Vargas (200), Roberto Toro (150), Alberto Reyes (150), German Rojas (250), Carlos Garcia (180), Alejandro Zapata (120), and Roberto Sotomayor (180).

Four of those checks appear endorsed to an account belonging to a man identified as Fernando Garcia.

Other checks were drawn from this same account at the Banco de Colombia (Highway 6, at the intersection of 11th Street in Cali) between April and June. Counting only those in amounts exceeding 50 million, they total 3.15 billion pesos.

Another 17 accounts have been recorded at banks in Cali, Bogota, and Cartagena, which apparently were

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serving as intermediaries in providing the money for the checks.

The list of the four accounts at the Banco de Colombia's main branch in Cali, from which over 13 billion pesos were drawn within less than four months, is as follows:

Account 024863-9: It was opened on 28 February 1994 with 300,000 pesos, and the request for its closure is dated 4 August 1994. It was in the name of La Loma Agricultural Distributor, with legal representative Omar Perez, carrying I.D. number 14,993,896. 817,984,648 pesos were drawn from it.

Account 024864-2: Its opening was requested on 23 February 1994, also with 300,000 pesos, and its closure was requested on 4 August 1994. It was in the name of La Estrella Agricultural-Livestock Marketing, with legal representative Alfredo Perlaza Zuniga. 4,115,246,901 pesos were drawn from it.

Account 024865-5: It was opened on 28 February 1994, with 300,000 pesos, and its closure was requested on 1 August. It was in the name of El Diamante Agricultural Products Distributor, with legal representative Jorge Antonio Ortiz Rosero. 3,207,152,972 pesos were drawn from it.

Account 024804-0. It was opened on 15 December 1993, and cancelled on 9 August. It was in the name of Exportcafe Ltd., with legal representative Eduardo Gutierrez. 5,920,022,190 pesos were drawn from it.

Asobancaria Speaks

Regarding the presumed links between the Banco Colombia and Banco Ganadero [Cattlemen's Bank] in Cali and money from the drug traffic, the Bankers Association (Asobancaria) president, Cesar Gonzalez claimed that due process should be continued, so that, "ultimately, justice will end up benefiting, and not others."

In his opinion, it is virtually impossible to prevent phenomena such as money laundering from occurring occasionally, because "this is a very complicated issue, and a business with too many facets and too many angles."

According to Gonzalez, from the investigation to be conducted against the offices of the two banking entities, "it cannot be inferred that the entire system is lax" in implementing the regulations, "unless the Prosecutor General's Office reaches that conclusion."

The association's director declared: "Concealment is not the best strategy, but the financial sector cannot be condemned extrajudicially either, without some type of trial."

He claimed that there are regulations in the country governing operations to prevent money laundering. He explained that one of the banking sector's basic principles, for example, is to become familiar with the client and to identify the size of his financial activity.

When operations exceeding 7.5 million pesos in cash (or its equivalent in dollars) are carried out, it is mandatory to keep a special record of information on the one engaging in the transaction.

Gonzalez emphasized that care should be taken in dealing with the matter, so as not to damage the reputation of persons and entities.

[Box, p 3A]

Arrest for Eduardo Mestre Without Benefit of Release

The National Prosecutor General's Office has virtually left ex-Liberal senator, Eduardo Mestre Sarmiento's defense without a leg to stand on, in the case of the checks issued to him by firms that have been investigated for their presumed links with the Cali Cartel.

Mestre had claimed that 35 million pesos issued to him by Omar Perez, legal representative of La Loma Agricultural Distributor, were related to the payment for various wall hangings and paintings. However, he has been unable to explain other payments proven by the Prosecutor General's Office.

Furthermore, in the testimony given by Guillermo Palomari, presumed accountant for the Cali Cartel, he had the stubs of checks paid to Mestre (found in raids), because "Don Miguel sent them to me so that I could examine them."

Yesterday, the Prosecutor General's Office issued an arrest warrant without benefit of release, for the crime of illicit amassment of wealth, against Eduardo Mestre. It decided to free Eduardo Gutierrez and Jesus Antonio Piedrahita, who had been captured in an attempt to determine their presumed status as front men.

The crime of illicit amassment of wealth is not one for which release from jail is permitted. It is punished with five to 10 years' imprisonment, and a fine equal to the amount of money proven to have been acquired through illict means.

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Ecuador

Duran-Ballen: State of Emergency To Remain in Force

PA1205005795 Quito Voz de los Andes in Spanish 2300 GMT 11 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] During the inauguration of two schools in southern Quito today, President Sixto Duran-Ballen urged the Ecuadoran people to maintain national unity, and he criticized the Court of Constitutional Guarantees for questioning the need for the nationwide state of emergency. He said the country will remain under a state of emergency.

[Begin Duran-Ballen recording] The emergency continues and will remain in effect until the problem has a definitive resolution. It will continue as long as the country to the south expects that its arbitrary and circumstantial (?resolution) is the one that must be used to set a definite border. No sir, never.

I will maintain the national emergency as long as I deem necessary, with the authority bestowed upon me by the Constitution and the laws of the Republic [words indistinct]. I will maintain the emergency as long as I can see circumstances that pose a threat to the country, and as long as there exist, as we see every day, threats from President Fujimori, who says that if we do not do as he requests, Peru will take by force what it was unable to acquire previously either through reason or the armed conflict. No sir.

My duty as president of the Republic is to maintain territorial integrity, and that is what I will do. It is only fair that on this day, a day on which a civic event such as this one is taking place, that I remind my fellow citizens that it is my duty — a duty you the people, my fellow citizens, have bestowed upon me — to respect territorial integrity, just as I respect the Constitution and the laws of the Republic. [end recording]

Council Probing CIA, E-Systems Links in Civil Registry Sale

PA1205011395 Mexico City NOTIMEX in Spanish 2040 GMT 11 May 95

[FBIS Translated Text] Quito, 11 May (NOTIMEX) — The National Communication Council [Consejo Nacional de Comunicacion — Conam] today announced it will investigate possible links between the firm E-Systems, which is interested in participating in the privatization of Ecuador's Civil Registry, and the U.S. intelligence service.

Conam Director Patricio Pena told reporters that if the claims made by a U.S. television network saying that E-Systems is selling information to U.S. intelligence agencies is proven, the firm will not be considered for the privatization process.

Pena made his statements after the Ecuadoran press published a CBS report on the relationship between E-Systems and the CIA. Pena reiterated that if this information is confirmed, E-Systems will be left out of all deals connected to the sale of the Civil Registry.

Paraguay

Interior Minister Granted 'Leave'

PY1105174195 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 11 May 95

[FBIS Translated Excerpt] Interior Minister Carlos Podesta confirmed this morning that he is leaving the Interior Ministry because he has been linked to the Central Bank scandal.

Jorge Vidal Berdejo, the current deputy interior minister, will probably be Podesta's interim replacement.

[Begin recording] [Unidentified reporter] The replacement of Interior Minister Carlos Podesta is a fact. He visited Government House first thing this morning. He later confirmed that he requested leave of absence and that President Wasmosy granted it.

I am now here to prepare the decree, Podesta said, but he did not deny that his replacement could possibly be the current Deputy Interior Minister Jorge Vidal Berdejo.

[Podesta] The president accepted my request for leave on 10 May, and I have reiterated it.

First let me say... [interrupted by several reporters]

[Reporter] Is it true that Berdejo will replace you on an interim basis?

[Podesta] We will see, we will see. [passage omitted] [end recording] [passage omitted]

Peru

State of Emergency Extended for 60 Days in 8 Provinces

PY1105134695 Madrid EFE in Spanish 0044 GMT 11 May 95

[FBIS Translated Text] Lima, 10 May (EFE) — The Peruvian Government today extended for 60 days the state of emergency in eight provinces of four departments, among them Lima and the neighboring port of Callao, because terrorism persists.

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The state of emergency was extended through two decrees published today on the official newspaper EL PERUANO. The decree state that constitutional guarantees are suspended in those regions and that the Armed Forces will control internal order.

The provinces affected are those of Barranca, Huarochiri, and Lima, in the Department of Lima; and the province of Callao, where the extension will be in effect as of 12 May.

Other regions included in the decrees are the provinces of Coronel Portillo and Padre Abad in the Ucayali jungle department; the provinces of Puerto Inca in the department of Huanuco; and Ucayali in Loreto, where the extension will be in effect today.

The decrees state that the extension of the state of siege was approved by request of the Armed Forces joint command which believe "some activities that disrupt internal order" still persist in said zones, and that the "pacification process must be concluded."

General Hermoza Rios Confirms Subordination to Fujimori

PY1105181195 Lima EL PERUANO in Spanish 3 May 95 p A3

[FBIS Translated Text] General Nicolas Hermoza Rios, the Armed Forces Joint Command chief, yesterday expressed — on behalf of the military institutions — his loyalty and strict subordination to President Alberto Fujimori and to the constitutional provision that he respects.

He said this during a speech at the Army General headquarters at the ceremony to honor those who fought at the Cenepa River in the Condor mountains.

Presenting his military greetings to the president, he stressed that it was he who conducted the national defense during the difficult hours of the conflict prompted by Ecuador.

He also extended thanks to the Peruvian people for their dedication and support, as well as to the doctors and nurses of the IPSS [Peruvian Institute of Social Security] "who marched into battle side by side with our soldiers."

He made a clear warning to Ecuador not to misinterpret Peruvian tolerance and respect for the international law, because Peru will not give up one centimeter of its territory.

Daily Calls For Clarification of Electoral Irregularities

PY1105225795 Lima EL COMERCIO in Spanish 5 May 95 p A2

[Editorial: "Disruptions in the National Political Process"]

[FBIS Translated Text] President Alberto Fujimori's decision to wait until the National Election Board proclaims the 120 congressmen elected to make up the Legislative Branch, to then proclaim himself re-elected as president, is without any doubt an important decision.

It is a coherent decision within the framework of the recent 9 April elections to choose the people who will lead Peru during the 1995-2000 term.

The president's decision shows, however, once again the concern prevailing in the country regarding the prolongation of several unresolved problems, which have so far prevented the National Election Board from proclaiming the winning presidential ticket and members of Congress.

During that time, when the proclamation was long overdue and the election board gave only a general timetable, differences have been pointed out between the presidential and congressional elections. Despite the fact that the presidential elections cannot be questioned, obviously it cannot be said that the election process has concluded if the irregularities detected in the congressional elections are not resolved, as this is the obstacle delaying the proclamation. From the juridical point of view, there is only one overall electoral process covering the elections for president and congressmen.

As already reported, in addition to the irregularities related to the vote differences between the total votes for president and for congressmen, there is now the issue concerning the disappearance of 37,000 electoral registrations. Their robbery, which was not disclosed to the people, as the case merited, was not even reported to the Attorney General's Office.

Therefore the media — like EL COMERCIO, which was the first to report on the disappearance of the electoral registrations, in a clear demonstration of press investigation — had the task of reporting the irregularities, which should have been done by the JNE. This is how the atmosphere of natural confusion among the population could have been prevented.

It is therefore up to the JNE to act quickly in this case, by providing to the Attorney General's Office all the necessary instruments for clarifying this and other irregularities, and not disregarding its own participation in this task. Because apparently the JNE was negligent

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in guaranteeing the necessary security measures regarding the ballots, seals, ink pads, and pens that were distributed throughout the country on election day.

This negligence was proven by the Attorney General's Office as soon as the investigation began. Regarding the disappearance of the electoral registrations, the investigation has already found some of the JNE employees, who were in charge of preparing the electoral material for the provinces, responsible for their disappearance.

Undoubtedly this investigation is not over, but it is at least aimed at punishing individuals or groups that are interested in preventing the people from freely electing their representatives.

The JNE should leave behind its closed-door policy and adopt an open-door policy in order to clarify, convincingly and definitively, that problem.

In this regard the JNE should clarify the real function of the data center located in the Civic Center. No one doubts that this center was established for the computerized processing of the vote results, but there is still doubt whether it served to store electoral data, or for processing information and results to be leaked out to favor certain groups with political interests.

This concern is not the result of vague questioning, but the answer to still unclarified charges made by employees of the Callao Election Board, who said that the Civic Center office was apparently used for adulterating the vote results.

This is why we should insist on the need for the electoral process to conclude. It is not enough to have fulfilled the electoral process of voting, tallying, and counting results that are still unofficial. The process must conclude quite clearly; it must clarify all the irregularities reported so far, but as the irregularities accumulate the JNE has not done its part in clarifying them.

Venezuela

Report Views Fiscal Deficit's Potential To Boost Inflation

PA1205010895 Caracas REPORTE DE LA ECONOMIA in Spanish (EL CAPITAL Supplement) 10 May 95 p I

[FBIS Translated Text] The central government's financial administration of ordinary operations will close in 1995 with a deficit of 614,918 billion bolivares, which is equal to 7.05 percent of GDP.

This is happening at a time when the prices of Venezuelan oil on the fuel markets are showing an increase that could be interpreted as an increase in foreign fiscal income. Nevertheless, PDVSA's [Venezuelan Petroleum Inc.] estimates show that the government will not receive additional revenues and that instead of fiscal effects, the upsurge in crude will only bring a slight improvement in its foreign accounts and international reserves.

Viewed against such a panorama, the country's public finances will again close in the red in 1995, with the corresponding inflationary consequences that financing without solid backing implies. It must be remembered that when a fiscal deficit cannot be covered through domestic or foreign financing, it is usually chronically monetized; in other words, it is financed through the issuance of money by the Central Bank without the support of the GDP.

Studies conducted by the Capital Analysis Unit show that each percentage point of the fiscal deficit, with respect to the GDP, financed through the issuance of money without proper backing can generate up to 20 percentage points of inflation. It is noteworthy that in 1994, the public sector's consolidated restricted financial administration closed with a deficit of 15 GDP points.

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